

McKINNEY COMMUNITY DEVELOPMENT CORPORATION
Project Grant Application
Fiscal Year 2019

IMPORTANT:

- Please read the McKinney Community Development Corporation Grant Guidelines prior to completing this application.
- The Grant Guidelines and Application are available at www.mckinneycdc.org; by calling 972.547.7653 or by emailing cschneible@mckinneycdc.org
- **Contact us to discuss your plans for submitting an application prior to completing the form.**
- A completed application and all supporting documents are required to be submitted via email or on a thumb drive for consideration by the MCDC board. Please submit the application to:

McKinney Community Development Corporation
5900 S. Lake Forest Blvd., Suite 110
McKinney, TX 75070

- *If you are interested in preliminary Board of Directors review of your project proposal or idea, please complete and submit the **Letter of Inquiry** form, available at www.mckinneycdc.org, by calling 972.547.7653 or emailing cschneible@mckinneycdc.org.*

Applications must be completed in full, using this form, and received by MCDC, via email or on a thumb drive, by 5:00 p.m. on the date indicated in schedule below.

2019 Project Grant Application Schedule

Application Deadline	Presentation to MCDC Board	Board Vote and Award Notification
Cycle I: December 28, 2018	January 24, 2019	February 28, 2019
Cycle II: March 30, 2019	April 25, 2019	May 23, 2019
Cycle III: June 28, 2019	July 25, 2019	August 22, 2019

APPLICATION

Project Grants support for projects eligible for consideration under Sections 501 and 505 of the Texas Local Government Code. These include:

- Projects Related to the Creation or Retention of Primary Jobs
- Infrastructure Improvement Projects Necessary to Develop New or Expanded Business Enterprises
- Public Parks and Open Space Improvements
- Projects Related to Recreational or Community (city/public access) Facilities
- Professional and Amateur Sports and Athletic Facilities, including Children's Sports
- Entertainment, Tourist and Convention Facilities
- Projects Related to Low Income Housing
- Mass Transit-Related Facilities
- Airport Facilities

INFORMATION ABOUT YOUR ORGANIZATION

Name: Habitat for Humanity of Collin County

Federal Tax I.D.: 75-2443511

Incorporation Date: 1992

Mailing Address: 2060 Couch Drive

City McKinney

ST: TX

Zip: 75069

Phone: 972-542-5300

Fax:

Email: celeste@habitatcollincounty.org

Website: habitatcollincounty.org

Check One:

- ☒ Nonprofit – 501(c) Attach a copy of IRS Determination Letter
- ☐ Governmental entity
- ☐ For profit corporation
- ☐ Other

Professional affiliations and organizations to which your organization belongs: Organizations include Chambers of Commerce – McKinney, Plano, Allen, Frisco, Melissa, Prosper, Celina, Anna, Farmersville, Princeton; Volunteer Center of McKinney; Tri County Hispanic Chamber, Volunteer Center, Plano and McKinney Rotary, and AFP

REPRESENTATIVE COMPLETING APPLICATION:

Name: Elizabeth Johnston

Title: Development Manager

Mailing Address: 2060 Couch Drive

City: McKinney

ST: TX

Zip: 75069

Phone: 972-542-5300

Fax:

Email: development@habitatcollincounty.org

CONTACT FOR COMMUNICATIONS BETWEEN MCDC AND ORGANIZATION:

Name: Celeste H. Cox

Title: CEO

Mailing Address: 2060 Couch Drive

City: McKinney

ST: TX

Zip: 75069

Phone: 972-542-5300

Fax:

Email: celeste@habitatcollincounty.org

FUNDING

Total amount requested: \$80,000

Matching Funds Available (Y/N and amount): \$135,800

Will funding be requested from any other City of McKinney entity (e.g. TIRZ Grant, City of McKinney Community Support Grant)?

☐ Yes

☒ No

Please provide details and funding requested: Habitat Collin County is requesting funds to be used in completing Home Repair projects for low income families living in McKinney. The \$80,000 requested will complete 10 Home Repair projects in McKinney, serving 10 families - 25% of total project

PROJECT

Start Date: March 1, 2018

Completion Date: February 28, 2020

BOARD OF DIRECTORS (*may be included as an attachment*)

Please see attached

LEADERSHIP STAFF (*may be included as an attachment*)
Please see attached

I. Habitat for Humanity of Collin County

Habitat for Humanity of Collin County is part of a global, nonprofit housing organization operated on Christian principles working to build strength, stability and self-reliance for families through shelter. We put God's love into action by bringing people together to build homes and communities.

Habitat Collin County has a two pronged housing initiative for low-income families. First, we construct new homes for working families earning 30-60% below the median income levels for our area. Second, we provide exterior home repairs for low-income homeowners earning below 60% of median household income levels. Most of these homeowners are seniors or disabled and have both a financial and housing need. All home construction and repair projects are completed by the hands of over 7,000 volunteers with materials obtained through donations, partners, sponsorships, and grants from organizations such as MCDC.



Habitat Collin County has been building homes for over 25 years helping low-income families since its incorporation in 1992. We build decent, affordable houses in 24 cities and rural areas of Collin County. To date, Habitat Collin County has completed 214 new homes 645 home repairs in Collin County, plus 77 homes internationally.

Habitat plans to build 14 New Construction Homes and repair 40 existing homes in Fiscal Year 2018-2019. We have 22 full time and 14 part time staff members plus 3 contractors to accomplish it.

II. Project: Critical Home Repair in McKinney for Low Income Families

James Dougherty is a U.S. military veteran who served as a helicopter mechanic in the Army for 8 years. James was part of the DART Missions team, Downed Aircraft Retrieval Team. Today, life is quite different for James. He is disabled in his hands, making home repairs difficult and limiting his income. After many years of no maintenance, he found himself in great need for home repairs at his 1309 East Virginia Street residence in McKinney.

Habitat Collin County joined with Home Depot, matching previous MCDC 2017 funds for Home Repair with the Home Depot program that serves veterans. Together, Habitat Collin County and Home Depot replaced windows and doors, installed new gutters, repainted the interior and exterior of his home, added guide rails for stabilization, put in new flooring and resurfaced his yard to ensure proper water drainage away from his home. Life is more functional, and safer for James and his wife. They now feel confident they can remain in their home

for many more years. They look around and see a secure place to live, and enjoy a better quality of life. James served his country sacrificially, and deserves, like all of us, to have a decent place to live. That, he now has.

These stories are unique, but they are not rare. In fact, we hear and see them in the transformed lives which our Home Repair program touches each year as we serve about 40 low income families. More often than not those homeowners in need of home repairs are elderly, disabled and earning the lowest levels of income for our area. In fact, 80% of the families that are served through this program fall below the 30% of median household income which is less than \$19,000 a year. Our application process documents income through bank statements, check stubs and income tax returns.

Habitat Collin County plans 40 Home Repair projects this fiscal year, with a primary focus on McKinney and Plano. All families approved live in Collin County, earn less than 60% of the median income for Collin County, and will help with the work, if able. Our current funding covers repairs in Plano and rural areas.

In McKinney the median household income is \$83,257 with median home values over \$300,000. According to USA.gov and Census.gov respectively, 10.56% of all McKinney homes were built prior to 1979, 21.7% of McKinney households earn less than \$40K annually with 6.9% of the entire population living in poverty. These numbers will only increase, as the population of McKinney increases. The need for affordable housing is substantial, and **allowing seniors and disabled within our community to age in place is critical.** Through this program we are working to restore health and safety to older, poorer neighborhoods, revitalizing whole communities with a sense of pride, security and dignity which can empower life change.



Habitat Collin County is asking for \$80,000 from MCDC which will cover the cost of materials for 10 critical Home Repair projects in McKinney. A Home Repair project typically costs about \$8,000 and includes roof and siding repair, exterior repainting, window and door weatherization or replacement, and installing wheelchair ramps in place of front porches. This program has volunteers repaint and perform exterior repairs to existing homes. Funds from MCDC will be used to buy the materials for 10 Home Repairs for McKinney families.

Currently we have 23 projects, 4 have been approved including 2 in McKinney and 2 in Princeton. 18 projects are in the application process with 9 of those in McKinney. Though we have funding for home repair projects in Plano or in rural areas of Collin County, Habitat Collin County currently has no funding to serve those in McKinney with this need. With your help, Habitat can provide these needed services to McKinney residents

Total Project Cost	40 projects x \$8000 = \$320,000
McKinney Projects with MCDC Funds	10 projects x \$8000 = \$80,000

Please provide the information requested below:

- | | | |
|-----------------------------|---|-----------------------------|
| • An expansion/improvement? | ☒ Yes | ☐ No |
| • A replacement/repair? | ☒ Yes | ☐ No |
| • A multi-phase project? | ☒ Yes | ☐ No |
| • A new project? | ☒ Yes | ☐ No |

Has a feasibility study or market analysis been completed for this proposed project?

Yes, market analysis was completed on the communities we serve in East McKinney. That document is attached.

Provide specific information to illustrate how this Project aligns with one or more of the goals and strategies adopted by McKinney City Council and McKinney Community Development:

Habitat for Humanity of Collin County provides affordable housing and affordable home repair services. Families receiving our services experience a drastic improvement in their quality of life. Additionally, Habitat draws 1,000s of volunteers annually from all over the DFW area. They come to work and serve. Many are from McKinney essentially citizens helping citizens. Habitat Collin County feels fortunate to be a part of empowering others to care and to serve neighbors, communities and those they would never have known.

Indicate which goal(s) listed above will be supported by the proposed Project/Promotional/Event:

This projects aligns with the strategies of McKinney City Council and MCDC as it supports community projects that attract resident and visitor participation and contribute to quality of life for McKinney residents. Also, it meets citizen's needs for quality of life improvements for residents in the City of McKinney.

Has a request for funding, for this Project been submitted to MCDC in the past?

☒ Yes ☐ No

Date(s): July 2016, June 2015, June 2014

III. Financial

Habitat Collin County has many generous and community minded partners to fund the work of our Home Repair services program. We currently have (\$90,000) available from the City of Plano for Plano Home Repair projects, (\$14,500) in TSAHC funds for rural home repair projects, and (\$11,300) through Home Depot for Veteran serving projects. We also have a relationship with Valspar who supplies all of our paint as GIK. Habitat Collin County can build and repair more homes as we are financially able.

Habitat has been serving the City of McKinney for many years and we are well known in the communities we serve. We generally receive more applications from McKinney residents than any other area, and therefore complete more projects in McKinney than any other area. However, we currently do not have funding for projects in the McKinney area and are unable to complete the qualifying requests we receive. MCDC Funding would fund this portion of our program allowing us to continue home repair services for low income families in McKinney.

100% of all funds received from MCDC will go to Home Repair programs for work in McKinney.

We are in sound financial status with regard to our programs and the Federal Government. Financial budget for Habitat Collin County FY 2019, as well as financial statements for the past two years, are attached. Please note, prior to April 2018, Habitat Collin County was 2 separate organizations (North Collin County Habitat for Humanity & Habitat for Humanity of South Collin County) and therefore had 2 separate financial audits completed. Those are attached. The Financial Audit for 2019 will be one report covering the full organization that now serves all of Collin County.

What is the total estimated cost for this Project?

\$320,000

What percentage of Project funding will be provided by the Applicant? 33

Are Matching Funds available? ☒ Yes ☐ No

Cash \$115,800

Source City of Plano, TSAHC % of Total 36

In-Kind \$20,000

Source Home Depot, Valspar % of Total 6

Please provide details regarding other potential sources for funding. Include name of organization(s) solicited; date of solicitation; amount of solicitation and date that notice of any grant/award/loan is expected.

City of Plano - \$90,000 (received)

TSAHC - \$14,500 (received)

Junior League - \$2,500 (potential)

Home Depot - \$11,300 (received)

IV. Marketing and Outreach

- **Billboard Advertising** – Habitat Collin County has secured advertising space on a billboard located on Highway 5 encouraging families to apply for our housing programs.
- **Website** – Habitat Collin County has a professionally designed, informative website which receives over 5,000 unique visitors per month.
- **Door Hangers** – Habitat Collin County has a door hanger marketing piece with details of the Home Repair program in both English and Spanish. The piece is distributed on doors of homes in the areas we are actively working where our services might be needed.
- **Public Event** – Habitat Collin County appears at many public events each year. We are also a large part of North Texas Giving Day in September where we set up a booth in Finch Park. Literature and program information is distributed on all affordable housing programs at each event. We actively promote through local Chamber of Commerce meetings including McKinney, Frisco, Princeton, Celina and Prosper, Plano, Wylie and Farmersville.
- **Newspaper Articles & Inserts** – Habitat Collin County has received frequent articles highlighting our housing programs for families and the impact our affiliate has had on the service area, much of which has been completed in McKinney. We also advertise this service in the McKinney water bill twice annually.
- **Church Involvement** – We are well connected with many key churches in the area. Often, a church working with us on a home is building the home of one of its church members. Churches have been another good way to inform the public of our programs and help for families.

- **Strategic Board of Directors** – Our Board of Directors have been able to leverage their relationships and backgrounds to provide financing, generate awareness, and promote our housing programs to those in need.

V. Metrics to Evaluate Success

Home Repair projects are easily evaluated through before and after results. These projects are well photographed and documented and offer a telling story of the impact the completion of these projects have for not only the homeowner but the neighborhood surrounding it.

Acknowledgements

If funding is approved by the MCDC board of directors, Applicant will assure:

- The Project for which financial assistance is sought will be administered by or under the supervision of the applying organization.
- All funds awarded will be used exclusively for the purpose described in this application.
- Applicant owns the land, building or facility where the proposed project will be located. If the Applicant does not own the land, written acknowledgement/approval from the property owner must be included with the application. The letter must document the property owner is aware of the proposed use of the property or facility; and the property owner has reviewed the project plan and application, approves and supports the efforts of the Applicant.
- MCDC will be recognized in all marketing, advertising, outreach and public relations as a funder of the Project. Specifics to be agreed upon by applicant and MCDC and included in an executed performance agreement.
- Organization's officials who have signed the application are authorized by the organization to submit the application.
- Applicant will comply with the MCDC Grant Guidelines in executing the Project for which funds were awarded.
- A final report detailing the successful completion of the Project, as measured against identified metrics, will be provided to MCDC no later than 30 days following the completion of the Project.
- Grant funding is provided on a reimbursement basis subsequent to submission of a reimbursement request, with copies of invoices and paid receipts for qualified expenses. Up to 20% of the grant awarded may be withheld **until the final report on completion of the Project is provided to MCDC.**
- The required performance agreement will contain a provision certifying that the applicant does not and will not knowingly employ an undocumented worker in accordance with Chapter 2264 of the Texas Government Code, as amended. Further, should the applicant be convicted of a violation under 8 U.S.C. § 1324a(f), the applicant will be required to repay the amount of the public subsidy provided under the agreement plus interest, at an agreed to interest rate, not later than the 120th day after the date the MCDC notifies the applicant of the violation.

We certify that all figures, facts and representations made in this application, including attachments, are true and correct to the best of our knowledge.

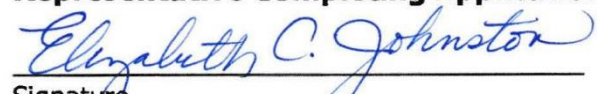
Chief Executive Officer


Signature

Celeste H. Cox
Printed Name

12/20/2018
Date

Representative Completing Application


Signature

Elizabeth Johnston
Printed Name

12/20/2018
Date

INCOMPLETE APPLICATIONS, OR THOSE RECEIVED AFTER THE DEADLINE, WILL NOT BE CONSIDERED.

CHECKLIST:

Completed Application:

- ☒ Use the form/format provided
- ☒ Organization Description
- ☒ Outline of Project: description, budget, goals and objectives
- ☒ Indicate the MCDC goal(s) that will be supported by this Project
- ☒ Project timeline and location
- ☒ Plans for advertising, marketing and outreach
- ☒ Evaluation metrics
- ☒ List of board of directors and staff
- ☒ Financials provided: organization's budget for current fiscal year; Project budget; audited financial statements
- ☒ Feasibility Study or Market Analysis if completed (Executive Summary)
- ☒ IRS Determination Letter (if applicable)

A FINAL REPORT IS TO BE PROVIDED TO MCDC WITHIN 30 DAYS OF THE COMPLETION OF THE PROJECT

FINAL PAYMENT OF FUNDING AWARDED WILL BE MADE UPON RECEIPT OF FINAL REPORT.

PLEASE USE THE FORM/FORMAT OUTLINED ON THE NEXT PAGE.



McKinney COMMUNITY DEVELOPMENT CORPORATION

Final Report

Organization:

Funding Amount:

Project:

Start Date:

Completion Date:

Location of Project:

Please include the following in your report:

- Narrative report on the Project
- Identify goals and objectives achieved
- Financial report – budget as proposed and actual expenditures, with explanations for any variance
- Samples of printed marketing and outreach materials
- Photographs, slides, videotapes, etc.
- Performance against metrics outlined in application

Please submit Final Report no later than 30 days following the completion of the Project/Promotional/Community Event to:

McKinney Community Development Corporation
5900 S. Lake Forest Blvd., Suite 110
McKinney, TX 75070

Attn: Cindy Schneible
cschneible@mckinneycdc.org



Board of Directors - Fiscal Year 2018 - 2019

<u>Board Member</u>	<u>Position</u>
Mr. Matt Hilton	President
Mr. Marty Smith	President-Elect
Mr. Larry Pietenpol	Vice President
Mr. Jason Jupiterwala	Treasurer
Ms. Diane McDonald	Secretary
Mr. Terry Busha	Immediate Past President
Mr. Tim Baker	
Ms. Elizabeth Chostner	
Mr. Doc Compton	
Mr. Marc Dunham	
Ms. Mary Holland	
Mr. Steve Lauten	
Mr. Hunter Lord	
Mr. JR Russell	
Mr. Greg Steibling	
Ms. Olive Swearingen	
Mr. Charlie Waller	

Organizational Leadership Team

CEO – Celeste Haiduk Cox

Celeste Haiduk Cox was hired in 2002 as the first paid staff for Habitat Collin County. The organization was 100% volunteer upon her arrival and was building one to two homes per year. Since that time, her staff has grown to over 20 full time and more than 10 part-time, a new ReStore operation was opened five years ago, and nearly 900 lives have been touched building over 200 homes locally and 77 homes built globally. Habitat has also completed over 600 repair projects. Celeste serves as the primary contact for Donors and fundraising for the organization as well as being active in the community through Rotary, Chambers of Commerce, Boy Scouts, Girls Scouts, Church and service to Habitat Texas as their immediate past Board President.

COO – Gary Garza

Gary comes to Habitat for Humanity of Collin County with 21 years of non-profit experience. He spent 19 years as an executive with the Circle Ten Council – Boy Scouts of America, where he served in several positions delivering the

Scouting Program to at-risk youth. He also served 2 years as the Operations Manager/Medical Practice Manager for Hope Clinic of Garland, a clinic that provided medical services to the uninsured/low income patients of Garland, TX.

Gary was born in Corpus Christi, TX and graduated from the University of Texas at Austin with a Bachelor of Arts Degree in Government. He is married to Tracy Garza and lives in Rockwall, TX. His children are Calen Austin Garza, 19 years old, a sophomore at TCU majoring in Music and Brooklyn Nicole Garza, 5 years old, who started kindergarten this fall.

Gary has a passion for non-profit work and helping individuals and families lead better lives, thus building stronger communities. In his free time he enjoys spending time with family and friends, church activities, and fishing.

CFO – Ruthie Drye

Ruthie joined Habitat Collin County in October of 2012. Ruthie has over 20 years in the nonprofit sector finds working with staff, board and partner families to be very rewarding. “Doing the right thing just feels good,” Ruthie said. Ruthie earned her accounting degree from University of Phoenix and is currently working on her CPA. Ruthie and her husband of 30 plus years have raised their three children in Frisco, Texas and is a grandmother of three beautiful grandchildren.

ReStore Director – Kavanski Morrison

Rick joined the Habitat Collin County team in April of 2018. Kavanski recently served as the Senior Hardlines Manager for Cabela's in Allen. He also filled the roles of Senior Softlines Manager, Senior Operations Manager, Customer Service Manager and Regional Club Manager in his 8 years with Cabela's. Kavanski has participated in all aspects of 12 new store openings for Cabela's. He has extensive experience in Retail Management and Multi-Unit Leadership. With over 15 years of experience, his retail background includes Cabela's, OfficeMax, and Walmart. He has been very involved in the community by helping organize a City Wide Clean-Up where more than 100 people participated and planned a sustainability project for Walmart. He was selected to participate in Cabela's sponsored workshops Emerging Leaders & Leaders Developing Leaders.

Construction Project Manager – Bryant Knepp

Bryant Knepp joined Habitat Collin County in 2016. Bryant provides oversight of the Construction Department where he leads the new construction and repair programs. Bryant has served in a number of roles with Habitat affiliates since 2003. He considers himself a student of Habitat and most highly values the Christian foundation and approach of Habitat's work. He was raised in southwestern Indiana where his construction training took place within a family owned, Amish-Mennonite construction company. Bryant enjoys participating in Christian mission, both locally and abroad. He and his wife, Lyndsay, have three daughters.

Family and Volunteer Manager – Dawn Serr

Dawn has been on staff at Habitat Collin County since 2010, when she joined as the Volunteer Coordinator. Dawn has served in this role organizing and managing all of our weekly, daily, and occasional volunteers which number in the thousands! Dawn also serves as a Family Mentor working with our Habitat families helping them through the Habitat homeownership program, and on into the first year of being a homeowner. Dawn is passionate about both our families and our volunteers. She is a very integral part of this entire organization working with so many of the people this people organization serves. Dawn is also a wife, mother of 4 grown children, and grandmother to 4 grandchildren.

ATTACHMENT 2 – PROJECT BUDGET

Habitat Collin County - McKinney Project Cost Budget

<u>Rehabilitation Category</u>	<u>Estimated Cost Per Home</u>	<u>Estimated Homes</u>	<u>Estimated Total Costs</u>
Windows	\$ 1,900.00	10	\$ 19,000.00
Doors	\$ 850.00	10	\$ 8,500.00
Siding/Trim	\$ 2,200.00	10	\$ 22,000.00
House Paint	\$ 750.00	10	\$ 7,500.00
Ramp/Steps/Handrail	\$ 1,200.00	10	\$ 12,000.00
Misc	\$ 350.00	10	\$ 3,500.00
Developer Fee	\$ 500.00	10	\$ 5,000.00
Inspection Fee	\$ 250.00	10	\$ 2,500.00
Total	\$ 8,000.00	10	\$ 80,000.00

Habitat Collin County - Total Program Project Cost Budget

<u>Rehabilitation Category</u>	<u>Estimated Cost Per Home</u>	<u>Estimated Homes</u>	<u>Estimated Total Costs</u>
Windows	\$ 1,900.00	40	\$ 76,000.00
Doors	\$ 850.00	40	\$ 34,000.00
Siding/Trim	\$ 2,200.00	40	\$ 88,000.00
House Paint	\$ 750.00	40	\$ 30,000.00
Ramp/Steps/Handrail	\$ 1,200.00	40	\$ 48,000.00
Misc	\$ 350.00	40	\$ 14,000.00
Developer Fee	\$ 500.00	40	\$ 20,000.00
Inspection Fee	\$ 250.00	40	\$ 10,000.00
Total	\$ 8,000.00	40	\$ 320,000.00

ATTACHMENT 3 – ORGANIZATIONAL BUDGET

Habitat for Humanity of Collin County Fiscal Year 2019 Budget

As of July 1, 2018

FY19 Final Budget

Ordinary Income/Expense	
Income	
4000-\$Contributions	
Total 4100-\$ Business Contributions	183,500
Total 4200-\$ Individual Contributions	1,422,100
Total 4300-\$Agency Contributions	20,000
Total 4400-\$Church Contributions	78,700
Total 4000-\$Contributions	1,704,300
Total 4600-Grants	637,500
Total 4700-Other Income	64,740
4800-ReStore Sales	
4810-Construction Cost Avoid	(24,000)
4820-ReStore Sales-DonatedProd	1,388,181
4830-ReStore Sales-PurchasdProd	562,869
4840-ReStore Trfr to Constr	51,000
4850-ReStore Trfr to HFH Affil	0
Total 4800-ReStore Sales	1,978,050
Total 4900-Special Events Net Income	126,000
Total Income	4,510,590
Total COGS	355,095
Gross Profit	4,155,496
Expense	
Total 5100-Administrative	373,718
Total 5200-Employee Related Expenses	1,591,088
Total 5300-Fleet Expense	78,555
Total 5400-Marketing & Advertising	112,950
Total 5500-Meetings & Travel	31,900
Total 5600-Occupancy Expense	331,960
Total 5700-Prgm Svcs-Mission Specific	354,900
Total Expense	2,875,071
Net Ordinary Income	1,280,424
Other Income/Expense	
Other Income	
6000-Donated Materials-ReStore	1,608,000
Early Not Termination	
6200-GIK-Material Donations	396,000
6300-Mtg Discount Amortization	250,000
6400-Sale to Homeowners	2,056,442
Total Other Income	4,310,442
Other Expense	
Total 7100-Construction Cost CIP Exp	1,756,436
7200-Depreciation Expense	112,544
7300-HFH International SOSI Fee	31,000
7400-HFH International Tithe	36,000
7600-Mortgage Discount Expense	500,000
7800-Other GIK Expense	23,000
7900-ReStore GIK (COGS)	1,608,000
Total Other Expense	4,066,980
Net Other Income	243,462
Net Income	1,523,886



We build strength, stability, self-reliance and shelter.

May 22, 2018

Habitat for Humanity of Collin County
2060 Couch Drive
McKinney, TX 75070-0153

**RE: Verification of Tax Exempt Status Habitat for Humanity of Collin County;
EIN: 75-2443511**

Dear Affiliate:

This letter confirms that the Affiliate listed above is a subordinate under the group tax exemption of Habitat for Humanity International, Inc. ("HFHI"), and therefore the Affiliate is tax exempt under Section 501(c)(3) of the Internal Revenue Code.

The IRS has assigned group exempt number ("GEN") 8545 to HFHI for all its designated affiliates. Please provide this GEN to prospective donors, foundations and other grant organizations when requested, and note that it is also required on certain IRS forms.

Please be aware that when donors search the IRS database, they will see only HFHI's name associated with the number.

This letter shall serve as proof of your affiliate's inclusion under HFHI's group exemption bearing GEN 8545. Thus, please provide a copy of this letter, as well as the enclosed copy of HFHI's tax exempt determination letter, demonstrating HFHI's tax exempt status and group exemption, to any donor requesting proof of your affiliate's tax exempt status.

Thank you for your continued great work supporting Habitat's mission. If you need additional copies of this letter or have additional questions, please contact the Affiliate Support Center.

In partnership,

A handwritten signature in black ink, appearing to read "Aaron Lewis".

Aaron Lewis
Assistant Secretary and Deputy General Counsel

Enclosure

Administrative Headquarters | 270 Peachtree St. NW, Suite 1300, Atlanta, GA 30303-1263 USA

International Headquarters | 121 Habitat St., Americus, GA 31709-3498 USA (229) 924-6935 toll-free (800) 422-4828 fax (229) 928-8811 habitat.org

Internal Revenue Service
P. O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

Date: February 23, 2018

Person to Contact: #0196814
Ms. Benjamin
Employer Identification Number:
91-1914868
Group Exemption Number:
8545

HABITAT FOR HUMANITY INTERNATIONAL INC.
HABITAT FOR HUMANITY INTRNL PARENT
% MICHAEL E CARSCADDON
270 PEACHTREE ST NW STE 1300
ATLANTA, GA 30303

Dear Sir or Madam:

This is in response to your request dated January 10, 2018 for information about your tax-exempt status.

Our records indicate we issued a determination letter to you in January 1987, and that you're currently exempt under Internal Revenue Code (IRC) Section 501(c)(3).

We also recognized the subordinates on the list you submitted as exempt from federal income tax under IRC Section 501(c)(3).

For federal income tax purposes, donors can deduct contributions they make to you as provided in IRC Section 170. You're also qualified to receive tax deductible bequests, legacies, devises, transfers, or gifts under IRC Sections 2055, 2106 and 2522.

Because IRC Section 170(c) describes your subordinate organizations, donors can deduct contributions they make to them.

Please refer to www.irs.gov/charities for information about filing requirements. Specifically, IRC Section 6033(j) provides that, if you don't file a required return or notice for three consecutive years, your exempt status will be automatically revoked on the filing due date of the third required return or notice.

In addition, each subordinate organization is subject to automatic revocation if it doesn't file a required return or notice for three consecutive years. Subordinate organizations can file required returns or notices individually or as part of a group return.

For tax forms, instructions, and publications, visit www.irs.gov or call 1-800-TAX-FORM (1-800-829-3676)

If you have questions, call 1-877-829-5500 between 8 a.m. and 5 p.m., local time, Monday through Friday (Alaska and Hawaii follow Pacific Time).

Sincerely yours,



Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements

ATTACHMENTS SENT ELECTRONICALLY WITH APPLICATION

NORTH COLLIN COUNTY HABITAT FOR HUMANITY -- AUDITED FINANCIAL FOR 2018

NORTH COLLIN COUNTY HABITAT FOR HUMANITY -- AUDITED FINANCIALS FOR 2017

HABITAT FOR HUMANITY OF SOUTH COLLIN COUNTY – AUDITED FINANCIALS FOR 2018

LA LOMA 4 YEAR FOLLOW UP STUDY

**HABITAT FOR HUMANITY OF
SOUTH COLLIN COUNTY, TEXAS
FINANCIAL STATEMENTS**

For the Years Ended
June 30, 2018 and 2017
and
Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Habitat for Humanity of South Collin County

We have audited the accompanying financial statements of Habitat for Humanity of South Collin County (a non-profit Texas corporation), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and changes in net assets, statements of cash flows and statements of functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the statements of financial position of Habitat for Humanity of South Collin County as of June 30, 2018 and 2017, and the results of its operations, its cash flows, and functional expenses for the years then ended in accordance with accounting principles generally accepted in the United States of America.

C. R. Parr & Associates, P.C.
Hurst, Texas

November 2, 2018

HABITAT FOR HUMANITY OF SOUTH COLLIN COUNTY

Statements of Financial Position

June 30, 2018 and 2017

	June 30, 2018	June 30, 2017
CURRENT ASSETS		
Cash	\$ 202,451	\$ 177,829
Cash, restricted	252,821	41,036
Accounts receivable	10,959	14,359
ReStore purchased inventory, at cost	13,942	18,968
ReStore donated inventory, at fair value	79,765	389,224
Land & Construction-in-Progress	324,690	615,549
Current maturities of mortgages receivable, net	<u>111,342</u>	<u>97,350</u>
TOTAL CURRENT ASSETS	<u>995,970</u>	<u>1,354,315</u>
PROPERTY AND EQUIPMENT, NET		
Property and Equipment	122,705	204,728
Less: Accumulated Depreciation	<u>(35,003)</u>	<u>(115,307)</u>
TOTAL PROPERTY AND EQUIPMENT, NET	<u>87,702</u>	<u>89,421</u>
OTHER ASSETS		
Mortgages receivable, net of current portion	3,890,452	4,565,914
Unamortized discount on mortgage receivables	(2,496,940)	(2,859,607)
Deposits	<u>26,545</u>	<u>36,578</u>
TOTAL OTHER ASSETS	<u>1,420,057</u>	<u>1,742,885</u>
TOTAL ASSETS	<u>\$ 2,503,729</u>	<u>\$ 3,186,621</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Notes payable-current portion	\$ 106,534	\$ 104,034
Line of Credit	-	148,244
Accounts payable & accrued expenses	21,305	53,647
Escrow deposits received	<u>40,758</u>	<u>42,403</u>
TOTAL CURRENT LIABILITIES	<u>168,597</u>	<u>348,328</u>
NOTES PAYABLE, NET OF CURRENT PORTION		
Notes payable, net of current portion and unamortized discounts	<u>569,009</u>	<u>644,392</u>
TOTAL LIABILITIES	<u>737,606</u>	<u>992,720</u>
NET ASSETS		
Unrestricted-undesignated	1,751,903	2,142,118
Temporarily restricted	<u>14,220</u>	<u>51,783</u>
TOTAL NET ASSETS	<u>1,766,123</u>	<u>2,193,901</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,503,729</u>	<u>\$ 3,186,621</u>

The accompanying notes are an integral part of these statements.

HABITAT FOR HUMANITY OF SOUTH COLLIN COUNTY

Statements of Activities and Changes in Net Assets

For the Years Ended June 30, 2018 and 2017

	Unrestricted	Temporarily Restricted	Total June 30, 2018	Total June 30, 2017
REVENUES AND OTHER SUPPORT				
Sales to homeowners	\$ 340,000	\$ -	\$ 340,000	\$ 270,283
ReStore sales	554,150	-	554,150	326,083
Cash contributions	106,152	225,020	331,172	543,960
In-kind contributions	169,418	36,305	205,723	572,685
Grant/Contract revenues	-	68,087	68,087	251,662
Mortgage NR disc amort	107,534	-	107,534	117,621
Mortgage NP disc amort	101,843	-	101,843	44,960
Interest income	2,828	-	2,828	15
Other income	281,076	-	281,076	4,396
Net assets released from restrictions	366,975	(366,975)	-	-
TOTAL REVENUES AND OTHER SUPPORT	<u>2,029,976</u>	<u>(37,563)</u>	<u>1,992,413</u>	<u>2,131,665</u>
EXPENSES				
Program services - Homes	1,085,929	-	1,085,929	910,590
Program services - ReStore	1,152,574	-	1,152,574	848,821
Supporting services:				
Fundraising	28,482	-	28,482	144,993
Management and administrative	153,206	-	153,206	145,092
TOTAL EXPENSES	<u>2,420,191</u>	<u>-</u>	<u>2,420,191</u>	<u>2,049,496</u>
CHANGE IN NET ASSETS	(390,215)	(37,563)	(427,778)	82,169
NET ASSETS, June 30, 2017	<u>\$ 2,142,118</u>	<u>\$ 51,783</u>	<u>\$ 2,193,901</u>	<u>\$ 2,111,732</u>
NET ASSETS, June 30, 2018	<u>\$ 1,751,903</u>	<u>\$ 14,220</u>	<u>\$ 1,766,123</u>	<u>\$ 2,193,901</u>

The accompanying notes are an integral part of these statements.

HABITAT FOR HUMANITY OF SOUTH COLLIN COUNTY

Statements of Cash Flows For the Years Ended June 30, 2018 and 2017

	June 30, 2018	June 30, 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (427,778)	\$ 82,169
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities		
Depreciation	13,613	11,664
Discount on mortgages issued and amortized	(437,482)	78,477
Decrease (Increase) in:		
Accounts receivable	3,400	10,613
ReStore Inventory	314,485	(123,527)
Land & construction in progress	290,859	(151,894)
(Decrease) Increase in:		
Accounts payable and accrued liabilities	(32,342)	2,233
Homeowner advance deposits	(1,645)	(17,126)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>(276,890)</u>	<u>(107,391)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(33,707)	(51,586)
New mortgage notes issued	(332,250)	(342,750)
Payment on lease deposit	-	-
Principal payments received on mortgage notes	<u>848,840</u>	<u>187,144</u>
NET CASH (USED) BY INVESTING ACTIVITIES	<u>482,883</u>	<u>(207,192)</u>
CASH FLOWS (USED IN) FINANCING ACTIVITIES		
Proceeds of notes payable borrowing	170,000	169,910
Payments on notes payable and line of credit	<u>(168,068)</u>	<u>(34,127)</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>1,932</u>	<u>135,783</u>
NET (DECREASE) INCREASE IN CASH	207,925	(178,800)
CASH, Beginning of Year	<u>218,865</u>	<u>397,665</u>
CASH, End of Year	<u>\$ 426,790</u>	<u>\$ 218,865</u>
SUPPLEMENTAL DISCLOSURE OF NON CASH ACTIVITIES		
Included in operating activities are donated building materials, and supplies of \$205,723 for 2018 and \$572,685 for 2017		

The accompanying notes are an integral part of these statements.

HABITAT FOR HUMANITY OF SOUTH COLLIN COUNTY

Statements of Functional Expenses For the Years Ended June 30, 2018 and 2017

	Program Services		Support Services		Total June 30, 2018	Total June 30, 2017
	Construction Homeownership	ReStore	Fundraising	Management & General		
Salaries - officers & directors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 71,400
Salaries	124,180	231,237	10,340	90,817	456,574	427,325
Employee benefits	-	33,799	-	383	34,182	21,137
Payroll taxes	9,798	19,710	783	7,112	37,403	39,257
Professional fees	8,407	650	-	13,835	22,892	15,325
Supplies	-	29,912	4,921	5,902	40,735	28,373
Telephone	2,365	3,543	-	3,711	9,619	11,538
Postage and mailing	68	1,744	-	637	2,449	2,775
Occupancy	-	200,404	-	9,259	209,663	130,579
Equip rent & maintenance	14,183	9,536	-	-	23,719	18,253
Printing	-	-	-	-	-	270
Travel	6,767	13,445	-	573	20,785	17,483
Conferences & training	574	-	-	-	574	226
Interest	13,948	5,344	-	-	19,292	21,353
Depreciation	-	198	-	13,415	13,613	11,664
Other expenses:	-	-	-	-		
Home construction cost	605,688	-	-	-	605,688	380,660
Other construction cost	247,593	-	-	-	247,593	259,513
Insurance	28,031	10,941	-	-	38,972	33,527
Public relations: events	1,790	47,799	11,601	-	61,190	71,312
Bank charges	2,318	10,040	837	1,141	14,336	17,025
Dues & subscriptions	-	-	-	1,750	1,750	2,454
Family selection	778	-	-	-	778	-
Community relations	1,241	710	-	-	1,951	437
Restore cost	-	520,758	-	-	520,758	450,265
Meals & entertainment	2,040	-	-	-	2,040	345
Tithe	15,000	-	-	-	15,000	17,000
Loss on Disposal of Property	1,160	12,804	-	4,671	18,635	-
Totals	<u>\$ 1,085,929</u>	<u>\$ 1,152,574</u>	<u>\$ 28,482</u>	<u>\$ 153,206</u>	<u>\$ 2,420,191</u>	<u>\$ 2,049,496</u>

The accompanying notes are an integral part of these statements.

HABITAT FOR HUMANITY OF SOUTH COLLIN COUNTY

Notes to Financial Statements For the years ended June 30, 2018 and 2017

1. SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

Habitat for Humanity of South Collin County ("Habitat") is a non-profit corporation incorporated in the state of Texas in September 2002. Habitat is an affiliate of Habitat for Humanity International, Inc. ("International"), a non-denominational Christian non-profit organization whose purpose is to create decent, affordable housing for low-income families, and to make decent shelter a matter of community conscience and action in South Collin County. Although International assists with information resources, training, publications, prayer support, and in other ways, Habitat is primarily and directly responsible for its own operations.

Habitat's program services include not only its home construction program and homeowner education services but also a retail operation (ReStore) that sells purchased goods and usable materials donated by retail businesses, contractors, other organizations and the general public. The proceeds from ReStore sales, fund Habitat's mission of eliminating poverty housing within the community.

Basis of Presentation

Habitat is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets based on donor specifications. There are no permanently restricted net assets at June 30, 2018.

Basis of Accounting

The financial statements of Habitat have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, Habitat's financial statements reflect all significant receivables, payables, and other liabilities.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, Habitat considers cash to be all cash on hand, cash in bank demand accounts, as well as cash, restricted. Cash, restricted, is cash deposited specifically for home construction programs and is held in a separate account.

Receivables

Habitat considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is recorded. If amounts become uncollectible, they will be charged to operations when that determination is made. Receivables are mainly made up of customers who have had repairs done on their homes.

Recognition of Donor Restrictions

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Fair Value of Financial Instruments

The carrying value of Habitat's financial instruments, not otherwise disclosed herein, is comparable to the fair value due to the short-term nature of these financial instruments.

HABITAT FOR HUMANITY OF SOUTH COLLIN COUNTY

Notes to Financial Statements For the years ended June 30, 2018 and 2017

1. SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (cont.)

Inventory

ReStore inventories represent donated building materials and other merchandise available for sale in Habitat's store. Purchased inventory is valued at cost, determined by first in, first out. At year-end, inventory was marked down by approximately \$300,000 due to the merger with Habitat for Humanity of North Collin County. For the years ended June 30, 2018 and 2017, donated inventory is valued at fair value of \$ 79,765 and \$ 389,224, respectively. Land & Construction-in-Progress consists of land and homes in various stages of construction and is valued at cost.

Warranties

Habitat provides a two-year warranty in the deed of trust on the sale of homes. The warranty is generally for defects in materials and workmanship. Warranty costs are expensed when incurred.

Income Taxes

Habitat is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and qualifies for the charitable deduction under Section 170(b)(1)(A). It has been classified as an organization other than a private foundation. Income from certain activities not directly related to Habitat's tax-exempt purpose is subject to taxation as unrelated business income. ReStore sales of purchased inventory can become subject to tax on unrelated business income. There was no income tax expense for 2018 or 2017.

The accounting standards on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, Habitat may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Habitat believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence or nature of any donor restrictions. Contributions are recorded at fair value. All donor-restricted support is reported as an increase in temporarily restricted net assets. When a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Temporarily restricted contributions that are received and expended within the same fiscal year are reported as unrestricted resources.

Contributions of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.

Donated Goods and Services

A number of corporations and individuals donate professional services and goods. The value is reflected as a contribution to unrestricted net assets in these financial statements at fair value when readily determinable.

Grants and Contracts

Habitat records grant revenues over the period of the award and the provisions of the grant determine the timing of revenue recognition. Grant expenses are recognized when incurred.

HABITAT FOR HUMANITY OF SOUTH COLLIN COUNTY

Notes to Financial Statements For the years ended June 30, 2018 and 2017

1. SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (cont.)

Compensated Absences

Employees of Habitat are entitled to paid vacation and paid sick days, depending on the length of service and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statement. Habitat's policy is to recognize the cost of compensated absences when actually paid to the employee.

Functional Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services based principally on estimates made by management.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentrations of Risk

Habitat maintains its cash balances in several banks in Plano, Texas. The Federal Deposit Insurance Corporation (FDIC) secures all depositor accounts up to \$250,000 per depositor. The maximum loss that would have resulted for that risk totaled \$2,821.34 as of June 30, 2018 and \$-0- as of June 30, 2017 for the excess of the deposit liabilities reported by the banks over the amounts that would have been covered by federal insurance. Management has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk due to cash.

Habitat's programs are concentrated in south Collin County, Texas, the amount of contributions, home sales and collection of mortgage receivables may be affected by changes in economic or other conditions which affect this locale.

Advertising Costs

Advertising is recorded as an expense when incurred. For the years ended June 30, 2018 and 2017, advertising expense was approximately \$ 46,668 and \$ 29,800, respectively.

Fundraising Costs

Fundraising is recorded as an expense when incurred. Fundraising activities for the year were curtailed due to merger talks that began in the fall of 2017. For the year ended June 30, 2018 fundraising expense was approximately \$ 28,482. For the year ended June 30, 2017 fundraising was approximately \$ 133,729.

HABITAT FOR HUMANITY OF SOUTH COLLIN COUNTY

Notes to Financial Statements For the years ended June 30, 2018 and 2017

2. MORTGAGES RECEIVABLE

Mortgages receivable consists of non-interest bearing mortgages which are secured by real estate and payable in monthly installments over the life of the mortgage. The mortgages have an original maturity of 25-30 years with maturity dates beginning in 2031 through 2046.

In 2018, Habitat sold and closed on 4 homes which resulted in approximately \$ 340,000 of mortgage receivables. In 2017, Habitat sold and closed on 4 homes resulting in approximately \$350,000 in mortgage receivables.

3. FAIR VALUE MEASUREMENTS

The Financial Accounting Standards Board (FASB) guidance for fair value measurements defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability. The price in the principal (or most advantageous) market used to measure the fair value of the asset or liability shall not be adjusted for transaction costs. An orderly transaction is a transaction that assumes exposure to the market for a period prior to the measurement date to allow for marketing activities that are usual and customary for transactions involving such assets and liabilities; it is not a forced transaction. Market participants are buyers and sellers in the principal market that are (1) independent, (2) knowledgeable, (3) able to transact and (4) willing to transact.

The guidance for fair value measurements for financial assets and financial liabilities requires the use of valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The income approach uses valuation techniques to convert future amounts, such as cash flows or earnings, to a single present amount on a discounted basis. The cost approach is based on the amount that currently would be required to replace the service capacity of an asset (replacement cost). Valuation techniques should be consistently applied. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources, or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

In that regard, the guidance established a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

Level 1 Inputs – Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 Inputs – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These might include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar

assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (such as interest rates, volatilities, prepayment speeds, credit risks, etc.) or inputs that are derived principally from or corroborated by market data by correlation or other means.

Level 3 Inputs – Unobservable inputs for determining the fair values of assets or liabilities that reflect an entity's own assumptions about the assumptions that market participant would use in pricing the assets or liabilities.

HABITAT FOR HUMANITY OF SOUTH COLLIN COUNTY

Notes to Financial Statements For the years ended June 30, 2018 and 2017

3. FAIR VALUE MEASUREMENTS (cont.)

A description of the valuation methodologies used for assets measured at fair value, as well as the general classification of these assets pursuant to the valuation hierarchy, is set forth below

	Fair Value Measurements at Reporting Date Using			
	Assets Measured at Fair Value December 31	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>June 30, 2018</u>				
Non-Interest bearing mortgages receivable	\$ 4,001,794	\$ -	\$ -	\$ 4,001,794
Less: Mortgage rec - unamortized discount	(2,496,940)	-	-	(2,496,940)
Net	\$ 1,504,854	\$ -	\$ -	\$ 1,504,854
Long-Term debt	\$ 1,354,178	\$ -	\$ -	\$ 1,354,178
Less: Note payable unamortized discount	(678,635)	-	-	(678,635)
Net	\$ 675,543	\$ -	\$ -	\$ 675,543
<u>June 30, 2017</u>				
Non-Interest bearing mortgages receivable	\$ 4,663,264	\$ -	\$ -	\$ 4,663,264
Less: Mortgage rec - unamortized discount	(2,859,607)	-	-	(2,859,607)
Net	\$ 1,803,657	\$ -	\$ -	\$ 1,803,657
Long-Term debt	\$ 1,352,246	\$ -	\$ -	\$ 1,352,246
Less: Note payable unamortized discount	(603,820)	-	-	(603,820)
Net	\$ 748,426	\$ -	\$ -	\$ 748,426

Non-interest bearing mortgages receivable and its related unamortized discount are classified within Level 3 of the valuation hierarchy. Habitat obtains these values by taking into account the following assumptions:

- (1) unamortized discount rate is interest rate provided each year by International (7.47% in 2018 and 7.48% in 2017);
- (2) reliance on International's discount rate to be reflective of the overall market;
- (3) the discount is amortized using a straight-line basis over the life of the mortgage;
- (4) mortgage receivables are valued based on the gross mortgage amount less discount and down payment received.

Non-interest bearing notes payable and its related unamortized discount are classified within Level 3 of the valuation hierarchy. Habitat obtains these values by taking into account the following assumptions:

- (1) unamortized discount rate is interest rate provided each year by International (7.47% in 2018 and 7.48% in 2017);
- (2) reliance on International discount rate to be reflective of the overall market;
- (3) the discount is amortized using a straight-line basis over the life of the note;
- (4) note payables are valued based on the face amount of the note payable less amount of the discount.

4. TRANSACTIONS WITH HABITAT FOR HUMANITY INTERNATIONAL

Habitat remits a portion of its contributions (excluding in-kind-contributions) to International. These funds are used to construct homes in economically depressed areas around the world. In 2018 and 2017 Habitat contributed to International \$ -0- and \$ 2,000, respectively.

HABITAT FOR HUMANITY OF SOUTH COLLIN COUNTY

Notes to Financial Statements For the years ended June 30, 2018 and 2017

5. SALES TO HOMEOWNERS

Sales to homeowners are recorded at the gross mortgage amount less discount and down payment received. The discount on mortgages is based on the difference between stated and market interest rates. Utilizing a straight-line basis, this discount ranging from 6.00% to 9.00% will be recognized as discount amortization income over the term of the performing mortgages.

6. PROPERTY, EQUIPMENT AND DEPRECIATION

Property and equipment are recorded at acquisition cost, including costs necessary to get the asset ready for its intended use. Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation if determinable. Depreciation expense is provided on a straight-line basis over the estimated useful lives of the respective assets, ranging from 3 to 35 years. Repairs and maintenance expenditures are charged to activities as incurred, while improvements greater than or equal to \$500 are capitalized.

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Building leasehold improvements	\$ 81,915	\$ 73,505
Tools and equipment	2,961	36,400
Vehicles	17,510	59,205
Office equipment and furniture	<u>20,319</u>	<u>35,618</u>
	122,705	204,728
Accumulated depreciation	<u>(35,003)</u>	<u>(115,307)</u>
	<u>\$ 87,702</u>	<u>\$ 89,421</u>
Depreciation expense for the year	<u>\$ 13,613</u>	<u>\$ 11,664</u>

7. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose of building homes specified by donors during the years ending June 30, 2018 and 2017.

8. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted for obtaining land and building homes for qualifying families and various outreach programs.

9. INVENTORIES-LAND & CONSTRUCCION-IN-PROGRESS

Real estate inventory consists of land and homes in various stages of construction which will be sold as part of Habitat's exempt purpose. The balances are as follows:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Real estate inventory, land, site development and houses	\$ 168,870	\$ 214,107
Construction in progress	<u>155,820</u>	<u>249,548</u>
	<u>\$ 324,690</u>	<u>\$ 463,655</u>

HABITAT FOR HUMANITY OF SOUTH COLLIN COUNTY

Notes to Financial Statements For the years ended June 30, 2018 and 2017

10. HOME CONSTRUCTION COST

Costs incurred in conjunction with home construction are capitalized as incurred. The following is a summary of home building activity:

	June 30, 2018		June 30, 2017	
	Number	Costs	Number	Costs
Homes under construction-Beginning	5	\$ 615,549	4	\$ 463,656
Additional cost incurred during period		49,141		511,213
New homes started during the period	1		5	
New homes transferred during the period	(4)	(340,000)	(4)	(359,320)
Homes under construction-Ending	<u>2</u>	<u>\$ 324,690</u>	<u>5</u>	<u>\$ 615,549</u>

11. LINE OF CREDIT

Habitat has a \$ 100,000 revolving construction line of credit with annual renewal in February of each year with Capital One Bank secured by a deed of trust. The line of credit balance and accrued interest is due on demand from the bank. Interest is calculated on the outstanding line of credit balance at 4.00% per annum. The outstanding balance as of June 30, 2018 was \$ -0-. The line is revolving and therefore any remaining balance is renewed on an annual basis. The minimum monthly payment is the greater of an amount equal to 1.50% of the outstanding principal balance plus accrued interest, fees, and any past due amount, or \$150.

Habitat has a \$ 150,000 revolving construction line of credit dated January 10, 2017 with American National Bank of Texas secured by a deed of trust. The line of credit balance and accrued interest is due on demand from the bank. Interest is calculated on the outstanding line of credit balance at 2.300% over WSJ Prime, which was 3.750% at inception or 6.050% per annum. The outstanding balance as of June 30, 2018 was \$ -0-. The line is revolving and therefore any remaining balance is renewed on an annual basis. The monthly payment is interest only.

12. NOTES PAYABLE

Notes payable on June 30, 2018 consisted of the following:

	June 30, 2018
39 Non-interest bearing notes payable whose total installments equal \$4,041 monthly to the Texas Department of Housing and Community Affairs Texas Bootstrap Loan Program. The program is available currently through August 31, 2018, or until all funding is committed. TDHCA purchased mortgage receivables from the Organization secured by a first lien on the real property or a parity lien position if the original principal amount of the leveraged loan is equal to or greater than TDHCA's loan. These loans have various maturities.	1,122,955
Six notes payable to Inwood National Bank payable in various equal installments of \$1,275 monthly, interest at 5.00% secured by certain mortgage receivables held by the Organization, with various maturities	186,526

HABITAT FOR HUMANITY OF SOUTH COLLIN COUNTY

Notes to Financial Statements For the years ended June 30, 2018 and 2017

12. NOTES PAYABLE (cont.)

2011 Flex-Cap HFHI note payable in equal monthly installments of \$1,177 interest at 5.50% with maturity of December 2021	44,696
Total Long-Term Debt	<u>\$1,354,177</u>

Less: Unamortized note payable discount	(678,634)
Total Long-Term Debt net of unamortized note payable discount	\$ 675,543

Less: current portion	(106,534)
Long Term Debt	<u>\$ 569,009</u>

Principal maturities of the notes payable is as follows:

Year ended June 30,	2019	\$ 132,266
	2020	132,266
	2021	132,266
	2022	132,266
	Beyond	<u>825,113</u>
		\$ <u>1,354,177</u>

13. TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS “BOOTSTRAP” LOAN PROGRAM

The Texas Department of Housing and Community Affairs (TDHCA) “Bootstrap” Loan Program provides no-interest home mortgage loans up to \$45,000 to low income Texas families who agree to help build their own home and who are working through certified nonprofit organizations such as Habitat. This program uses funds administered through the State of Texas Housing Trust Fund. TDHCA has appointed Habitat as a servicer for “Bootstrap” loans. As a servicer, Habitat collects payments from the borrowers and remits to TDHCA. Three loans were issued by TDHCA during 2018 totaling \$130,000. At the end of 2018, \$-0- was outstanding and due from TDHCA to Habitat. Three loans were issued by TDHCA during 2017 totaling \$120,000. At the end of 2017, \$-0- was outstanding and due from TDHCA to Habitat.

HABITAT FOR HUMANITY OF SOUTH COLLIN COUNTY

Notes to Financial Statements For the years ended June 30, 2018 and 2017

14. OPERATING LEASES

Habitat leases facilities for its Offices and ReStore as well as some operating equipment. The leases vary in length from month-to-month for the Office rental and a seven-year lease for the ReStore facility. Estimated future monthly rental amounts are approximately \$ 17,457. Total lease payments for the years ended June 30, 2018 and 2017 was \$ 184,747 and \$ 116,103, respectively. Future estimated minimum operating lease obligations are as follows:

2019	209,484
2020	209,484
2021	207,484
2022	207,484
2023 and beyond	408,384
Total Commitment	<u>\$ 1,242,320</u>

15. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 2, 2018, which is the date the financial statements were available to be issued. On July 1, 2018 Habitat for Humanity of South Collin County merged with Habitat for Humanity of North Collin County to form Habitat for Humanity of Collin County.

**NORTH COLLIN COUNTY
HABITAT FOR HUMANITY**

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
JUNE 30, 2018 AND 2017**

WITH INDEPENDENT AUDITORS' REPORT

NORTH COLLIN COUNTY HABITAT FOR HUMANITY

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
North Collin County Habitat for Humanity

We have audited the accompanying statement of financial position of North Collin County Habitat for Humanity (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statement of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above presented fairly in all material respects, the financial position of North Collin County Habitat for Humanity as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited North Collin County Habitat for Humanity's June 30, 2017 financial statements, and our report dated October 19, 2017, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented on the statement of activities for the year ended June 30, 2017, is consistent, in all material respects, with the audited statement of activities from which it has been derived.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
November 15, 2018

FINANCIAL STATEMENTS

NORTH COLLIN COUNTY HABITAT FOR HUMANITY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 40,468	\$ 47,022
Temporarily restricted cash	6,898	22,460
Contributions receivable	964,465	251,116
Inventory	334,403	314,419
Inventories - land held for development	529,678	293,976
Non-interest bearing mortgages receivable, current portion (net of discount)	201,270	192,156
TDHCA Boot Strap agency receivables, current portion	74,038	67,438
Other receivables	<u>32,263</u>	<u>28,512</u>
Total current assets	<u>2,183,483</u>	<u>1,217,099</u>
LONG-TERM ASSETS		
Property, furniture and equipment (net)	1,413,067	1,495,803
Contributions receivable	42,000	77,675
Non-interest bearing mortgages receivable, long-term portion (net of discount)	2,600,385	2,509,700
TDHCA Boot Strap agency receivables, long-term portion	1,034,285	928,064
HBA agency receivable	13,250	14,250
Discount on non-interest bearing mortgage	(1,475,770)	(1,388,956)
Construction in progress	<u>478,932</u>	<u>153,636</u>
Total long-term assets	<u>4,106,149</u>	<u>3,790,172</u>
 Total assets	 <u>\$ 6,289,632</u>	 <u>\$ 5,007,271</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 21,153	\$ 100,139
Escrow-mortgage holders	129,630	86,421
Due to ReStore	90,434	95,719
Due to TDHCA Boot Strap, current portion	74,038	67,438
Line of credit	40,065	16,979
Notes payable, current portion (net of discount)	<u>199,175</u>	<u>85,626</u>
Total current liabilities	<u>554,495</u>	<u>452,322</u>
LONG-TERM LIABILITIES		
Due to TDHCA Bootstrap, long-term portion	1,035,280	929,090
Due to HBA	6,667	8,667
Notes payable, long-term portion (net of discount)	<u>1,320,371</u>	<u>1,210,108</u>
Total long-term liabilities	<u>2,362,318</u>	<u>2,147,865</u>
Total liabilities	<u>2,916,813</u>	<u>2,600,187</u>
NET ASSETS		
Unrestricted	2,361,378	2,055,833
Temporarily restricted	<u>1,011,441</u>	<u>351,251</u>
Total net assets	<u>3,372,819</u>	<u>2,407,084</u>
Total liabilities and net assets	<u>\$ 6,289,632</u>	<u>\$ 5,007,271</u>

The accompanying notes are an integral part of these financial statements.

NORTH COLLIN COUNTY HABITAT FOR HUMANITY

STATEMENTS OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2018

(With Summarized Financial Information for the Year Ended June 30, 2017)

	Unrestricted	Temporarily Restricted	2018 Total	2017 Total
REVENUE AND OTHER SUPPORT				
Grants	\$ -	\$ 1,353,203	\$ 1,353,203	\$ 315,267
Contributions	53,827	129,266	183,093	296,729
Contributions - non cash	224,633	-	224,633	202,885
Donated materials	1,301,669	-	1,301,669	927,762
Discount amortization	114,090	-	114,090	114,448
Transfers to homeowners	527,051	-	527,051	943,811
ReStore sales	1,162,776	-	1,162,776	1,236,830
Special events, net of expenses	104,802	-	104,802	62,187
Miscellaneous	41,369	-	41,369	45,174
Interest income	166	-	166	283
Net assets released from restrictions	<u>822,279</u>	<u>(822,279)</u>	<u>-</u>	<u>-</u>
Total revenue and other support	<u>4,352,662</u>	<u>660,190</u>	<u>5,012,852</u>	<u>4,145,376</u>
EXPENSES				
Home ownership program	1,450,877	-	1,450,877	2,095,239
ReStore program	2,283,996	-	2,283,996	1,854,471
Management and administrative	<u>312,244</u>	<u>-</u>	<u>312,244</u>	<u>264,455</u>
Total expenses	<u>4,047,117</u>	<u>-</u>	<u>4,047,117</u>	<u>4,214,165</u>
CHANGE IN NET ASSETS	305,545	660,190	965,735	(68,789)
NET ASSETS, BEGINNING OF YEAR	<u>2,055,833</u>	<u>351,251</u>	<u>2,407,084</u>	<u>2,475,873</u>
NET ASSETS, END OF YEAR	<u>\$ 2,361,378</u>	<u>\$ 1,011,441</u>	<u>\$ 3,372,819</u>	<u>\$ 2,407,084</u>

The accompanying notes are an integral part of these financial statements.

NORTH COLLIN COUNTY HABITAT FOR HUMANITY

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 965,735	\$(68,789)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation expense	97,993	92,754
Discount amortization-mortgages	86,814	275,389
Transfer to homeowners	(505,211)	(917,381)
Effect of changes in assets and liabilities:		
(Increase) decrease in inventories - (lots)	(235,702)	39,225
(Increase) decrease in inventories - (resale)	(19,984)	(45,896)
(Increase) decrease in contributions receivable	(677,674)	2,663
(Increase) decrease in agency receivable	(1,031)	(995)
(Increase) decrease in other receivables	(3,751)	2,103
(Increase) decrease in homes under construction	(325,296)	72,802
Increase (decrease) in accounts payable and accrued expenses	(41,062)	78,624
Net cash used by operating activities	<u>(659,169)</u>	<u>(469,501)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net purchases of land, building and equipment	(15,257)	(117,805)
Net loan proceeds	246,898	(5,599)
Mortgage payments received	<u>405,412</u>	<u>423,582</u>
Net cash provided by investing activities	<u>637,053</u>	<u>300,178</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(22,116)	(169,323)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>69,482</u>	<u>238,805</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 47,366</u>	<u>\$ 69,482</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Issuance of non-interest bearing mortgage loans	\$ 505,211	\$ 917,381
Discount on non-interest bearing mortgages loans	(200,904)	(389,839)
Transfers to homeowners subject to non-interest bearing mortgage loans	<u>\$ 304,307</u>	<u>\$ 527,542</u>
Cash paid for interest	<u>\$ 23,384</u>	<u>\$ 25,747</u>

The accompanying notes are an integral part of these financial statements.

NORTH COLLIN COUNTY HABITAT FOR HUMANITY

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2018

	Program Services		Support Services	Total
	Home	ReStore	Management	
	Ownership		and Administrative	2017
Bank charges	\$ 982	\$ 327	\$ 873	\$ 2,182
Consulting	75,100	750	3,125	78,975
Contract labor	30,264	12,250	-	42,514
Credit card fees	-	22,819	2,833	25,652
Depreciation expense	10,675	83,198	4,120	97,993
Dues and subscriptions	3,109	1,006	5,068	9,183
Equipment rental	2,925	696	1,577	5,198
Fleet Expense	11,526	11,647	1,199	24,372
Insurance	10,188	24,476	2,958	37,622
Interest expense	11,956	10,259	1,169	23,384
Materials and supplies	500,922	1,458,988	-	1,959,910
Miscellaneous	275	-	1,380	1,655
Mortgage discount	200,904	-	-	200,904
Office expenses	4,437	6,472	10,910	21,819
Postage	558	512	3,605	4,675
Printing, promotions, and advertising	15,543	47,790	4,709	68,042
Professional fees	3,631	1,210	3,228	8,069
Program expenses	182,168	-	-	182,168
Rent	-	33,637	-	33,637
Repairs & Maintenance	4,315	12,559	5,365	22,239
Salaries and benefits	330,158	477,776	249,825	1,057,759
Telephone	7,007	8,225	1,709	16,941
Tithe/ SOSI fee	26,000	2,100	-	28,100
Travel	4,227	3,723	6,630	14,580
Utilities	14,007	63,576	1,961	79,544
Total expenses	\$ 1,450,877	\$ 2,283,996	\$ 312,244	\$ 4,047,117

See accompanying independent auditor's report.

NORTH COLLIN COUNTY HABITAT FOR HUMANITY

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2017

	Program Services		Support Services	Total
	Home		Management	
	Ownership	ReStore	and Administrative	2017
Bad debt expense	\$ 7,885	\$ -	\$ -	\$ 7,885
Bank charges	811	255	659	1,725
Contract labor	17,869	19,192	2,763	39,824
Credit card fees	-	-	1,970	1,970
Depreciation expense	14,368	71,719	6,667	92,754
Dues and subscriptions	4,134	987	5,213	10,334
Equipment rental	4,984	2,295	1,518	8,797
Fleet Expense	14,444	13,185	1,108	28,737
Insurance	12,582	22,194	3,034	37,810
Interest expense	11,279	13,071	1,397	25,747
Materials and supplies	993,725	1,145,164	1,178	2,140,067
Miscellaneous	808	856	2,428	4,092
Mortgage discount	389,839	-	-	389,839
Office expenses	3,431	7,199	5,579	16,209
Postage	614	587	2,712	3,913
Printing, promotions, and advertising	21,045	28,340	6,629	56,014
Professional fees	4,026	1,342	3,578	8,946
Program expenses	167,626	-	-	167,626
Repairs & Maintenance	2,733	12,291	1,766	16,790
Salaries and benefits	352,639	451,312	208,670	1,012,621
Telephone	8,025	9,821	1,711	19,557
Tithe/ SOSI fee	31,000	600	-	31,600
Travel	13,802	560	3,931	18,293
Utilities	17,570	53,501	1,944	73,015
Total expenses	\$ <u>2,095,239</u>	\$ <u>1,854,471</u>	\$ <u>264,455</u>	\$ <u>4,214,165</u>

See accompanying independent auditor's report.

NORTH COLLIN COUNTY HABITAT FOR HUMANITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

1. ORGANIZATION

North Collin County Habitat for Humanity, Inc., (the “Habitat”) is a not-for-profit interdenominational organization whose purpose is to encourage, promote and assist in the building and rehabilitation of housing for ownership by low-income persons in the North Collin County area (Frisco, Celina, McKinney, Princeton, Anna, Melissa, Prosper, Farmersville, New Hope, and Blue Ridge). Habitat is an affiliate of Habitat for Humanity International, Inc., located in Americus, Georgia.

Habitat is a privately operated and financed program that transfers such housing to low income persons at cost after completion of construction, utilizing non-interest bearing notes. Habitat expects to continue to finance its operations through continuing contributions and mortgage receipts.

Habitat’s Program Services includes the home construction program and the ReStore Program (a retail operation) that sells usable materials donated by retail businesses, construction companies, contractors, and the general public at below cost prices. The proceeds from the ReStore fund Habitat’s community programs.

Habitat is a nonprofit organization, as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes and has been classified as a publicly supported organization as described in Sections 509(a)(1) and 170(b)(A)(VI).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Habitat have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities, in accordance with generally accepted accounting principles.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (“ASC”) 958, “Not-for-Profit Entities.” Under ASC 958, the Habitat is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Also, in accordance with ASC 958, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

A description of the three net asset categories follows:

Unrestricted Net Assets

Unrestricted Net Assets represent resources over which the Board of Directors has discretionary control and can be used currently for the general purposes of the Habitat in accordance with its bylaws. The Board may voluntarily designate unrestricted resources for specific purposes, but this is a voluntary action of the governing board that can be modified or reversed at its discretion. These designations of unrestricted resources by the governing board do not have the same legal requirements as do restrictions of funds.

Temporarily Restricted Net Assets

Temporarily Restricted Net Assets represent resources currently available for use, but expendable only for those operating purposes specified by the donor.

Permanently Restricted Net Assets

Permanently Restricted Net Assets represent principal amounts of gifts and bequests which have been accepted with the donor stipulation that the principal be maintained intact in perpetuity or a specified period, with only the income to be utilized. The Habitat has no permanently restricted net assets as of June 30, 2018 and 2017.

Cash and Cash Equivalents

The Habitat considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. There were no cash equivalents at June 30, 2018 and 2017.

Restricted Cash

The Board of Directors has designated \$6,898 and \$22,460 of cash for purposes of renovations, youth projects and reserves for the years ended June 30, 2018 and 2017, respectively.

Contributions Receivable

Contributions, including unconditional promises to give, are recognized when made or received. All contributions are reported as increases in unrestricted net assets unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in temporarily restricted net assets, consistent with the nature of the restriction. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as temporarily restricted until the payment is due.

Mortgages Receivable

Mortgages receivables consist of non-interest-bearing mortgages, which are secured by real estate and payable in monthly installments. The mortgages have an original maturity of 20 - 30 years. These mortgages have been discounted at various rates ranging from 7.39% to 8.48% based on the prevailing market rates at the inception of the mortgages. Interest income (amortization of the discount) is recorded using the straight-line method over the lives of the mortgages.

Property and Equipment

Fixed asset acquisitions are recorded at cost. Depreciation is provided over the estimated useful lives of the assets and is computed using the straight-line method. Leasehold improvements are amortized over the life of the lease or asset, whichever is shorter. This amortization expense is reported as a part of occupancy cost.

Construction in Progress

Construction in progress is recorded at cost and includes all direct material, labor and equipment costs and those indirect costs related to home construction such as indirect labor, supplies and tool costs. Land costs included in construction-in-progress are stated at the lower of cost or the fair value at the date of the contribution. Included in land costs are any costs incurred in development. When revenue from the sale of a home is recognized, the corresponding costs are then expensed in the statement of activities as program services.

Support

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. Grants, gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or when the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions.

Gifts of goods and equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used are reported as restricted support. In the absence of explicit donor stipulations about how long-lived assets must be maintained, Habitat reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

ReStore revenue is recognized when the donated goods are sold. ReStore expenses are recognized when incurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The Habitat's significant estimates include the useful lives of property and equipment, the market value of donated inventory, and the amortization of discounts on mortgage loans based on the estimated life of the notes as a method that approximates the effective interest rates.

Income Taxes

The Habitat has been granted exemptions from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. As such, no provision for income taxes is reflected in the financial statements.

The accounting standards on accounting for uncertainty in income taxes address the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Habitat may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Habitat and various positions related to the potential sources of unrelated business taxable income. The tax benefits recognized in the financial statements from a tax position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as assets or liabilities for fiscal years 2018 and 2017.

The Habitat files its forms 990 in the U.S. federal jurisdiction required, and is generally no longer subject to examination by the Internal Revenue Service three years after filing.

Allocation of Functional Expenses

Costs have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Donated Services

A substantial number of volunteers have made significant contributions of their time to the Habitat's program and supporting services. The value of this contributed time is not reflected in these financial statements since it is susceptible to objective measurement or valuation.

Construction in Progress

Construction in progress is recorded at cost and includes all direct material, labor, and equipment costs and those indirect costs related to home construction such as indirect labor, supplies and tool costs. Land costs included in construction in progress are stated at cost or fair value at the date of the contribution. Included in land costs are any costs incurred in development. When revenue from the sale of a home is recognized, the corresponding costs are then expensed in the statement of activities as program services.

Transfer or Sale to Homeowners

Transfers to homeowners are recorded at the gross mortgage. The mortgages do not bear interest, but have been discounted based upon applicable rates of interest published by Habitat for Humanity International, Inc. Using the interest method of amortization, these discounts will be recognized as mortgage loan amortization over the term of the mortgages.

Home Construction Costs

Costs incurred in conjunction with home construction are capitalized. Construction costs are expensed during the year a home is sold and included in program services.

Compensated Absences

Employees of the Habitat are entitled to paid vacations, sick days, and personal days off, depending on job classification, length of service, and other factors. It is unreasonable to estimate the amount of compensation for future absences and the balance is not anticipated to be material to the financial statements as a whole. Accordingly, no liability has been recorded in the accompanying statements of financial position. The Habitat's policy is to recognize the costs of compensated absences when actually paid.

Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Habitat's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

3. PROPERTY AND EQUIPMENT

Property and equipment are recorded at acquisition cost, including costs necessary to get the asset ready for its intended use. Depreciation expense is recorded on a straight-line basis over the estimated useful lives of the respective assets, ranging from five to fifteen years.

	June 30, 2017	Additions	Deletions	June 30, 2018
Land	\$ 253,847	\$ -	\$ -	\$ 253,847
Buildings and improvements	1,347,140	13,281	-	1,360,421
Furniture and fixtures	103,696	-	-	103,696
Vehicles and trailers	132,190	1,976	-	134,166
Machinery and equipment	<u>188,518</u>	<u>-</u>	<u>-</u>	<u>188,518</u>
	2,025,391	15,257	-	2,040,648
Less accumulated depreciation	<u>(529,588)</u>	<u>(97,993)</u>	<u>-</u>	<u>(627,581)</u>
Total property and equipment, net depreciation	<u>\$ 1,495,803</u>	<u>\$ (82,736)</u>	<u>\$ -</u>	<u>\$ 1,413,067</u>

Depreciation expense for the years ended June 30, 2018 and 2017 was \$97,993 and \$92,754, respectively.

4. CONSTRUCTION IN PROGRESS

Real estate costs, building materials and contract labor are recorded at cost when incurred. The administrative costs of developing projects are allocated to the respective projects. Construction in progress consists of the following:

	June 30, 2018		June 30, 2017	
	Homes	Cost	Homes	Cost
Homes under construction at beginning of year	6	\$ 153,636	7	\$ 226,438
Additional cost incurred during the year	-	495,069	-	323,618
New homes started during the year	5	335,438	8	575,530
Homes transferred during the year	<u>(4)</u>	<u>(505,211)</u>	<u>(9)</u>	<u>(971,950)</u>
Homes under construction at year-end	<u>7</u>	<u>\$ 478,932</u>	<u>6</u>	<u>\$ 153,636</u>

5. INVENTORIES

Land held for development consists of home lots to be developed and costs incurred in conjunction with home construction. They are capitalized until the completion of each home. Home lot inventory was \$529,678 and \$293,976 as of June 30, 2018 and 2017, respectively.

Inventory for the ReStore consists of items for resale which have been either purchased by Habitat or donated to the Habitat. All purchased inventory is valued at the lower of cost or market. All donated inventory is recognized as contribution revenue on the date of donation, with the fair market value being recorded as the asset, and the remainder is immediately recognized as contribution expense. The balance of inventory totaled \$334,403 and \$314,419 as of June 30, 2018 and 2017, respectively.

6. SALES TO HOMEOWNERS

During the years ended June 30, 2018 and 2017, four and nine homes were sold to qualifying applicants, respectively. The resulting mortgages are non-interest bearing and the presentation of their book value has been discounted based upon the prevailing market rates for low-income housing at the inception of the mortgages. The discount rates for the years ended June 30, 2018 and 2017 were 7.57% and 7.47%, respectively. The discounts totaled \$200,904 for 2018 and \$389,839 for 2017.

7. MORTGAGES RECEIVABLE

The Habitat finances all the homes that are sold. Each mortgage is issued as a zero-interest mortgage to the buyer. The Habitat discounts the mortgages using the current interest rates at the time the home is sold. The discount is amortized using the effective interest method. Mortgages receivable as of June 30, 2018 and 2017 are as follows:

	2018	2017
Mortgages receivable (at face value)	\$ 2,801,655	\$ 2,701,856
Unamortized discount on mortgages	(1,475,770)	(1,388,956)
Mortgages receivable, net of discount	<u>\$ 1,325,885</u>	<u>\$ 1,312,900</u>

Future collections, net of discount, on these mortgages will be received over the next five years as follows:

2019	\$ 201,270
2020	201,270
2021	201,270
2022	201,270
2023	201,270
Thereafter	<u>319,535</u>
Total	<u>\$ 1,325,885</u>

Mortgages are considered delinquent when the monthly mortgage payment is at least 31 days past due. As of June 30, 2018, ten mortgages totaling \$10,624 were past due. As of June 30, 2017, twelve mortgages totaling \$6,780 were past due. The Habitat is in the process of making arrangements with the individual homeowners to bring their balance to current. All balances are believed to be collectible and no allowance has been recognized.

Some of the homeowners who have mortgages with the Habitat have entered into a secondary loan agreement with the Texas Department of Housing and Community Affairs Texas Boot Strap Loan Program. The Habitat continues to collect and manage these mortgages, and then remits the amount collected to the agency. These amounts are reported as agency receivables and agency payables on the statement of financial position and normally do not have any effect on the change in net assets. As of June 30, 2018, the balance in the agency receivables is \$1,108,323 and agency payables account is \$1,109,318. As of June 30, 2017, the balance in the agency receivables is \$995,502 and agency payables account is \$996,528. Typically, the balance of the agency receivable equals the balance of the agency payable. However, during the current and prior fiscal year, Habitat decided to take back the house of one homeowner. While the Organization wrote off the outstanding receivable from the homeowner, Habitat is still liable to TDHCA for the balance due to them from the homeowner.

During 2012, two homeowners also entered into secondary agreements with the Texas Department of Housing and Community Affairs Homebuyer Assistance Program. Similar as to their agreement with the TDHCA Texas Boot Strap Loan Program, Habitat continues to collect and manage these mortgages and then remits the amount collected to the agency. These amounts are reported as agency receivables and agency payables on the statement of financial position and do not have any effect on the change in net assets. As of June 30, 2018, the balances of the agency receivable and payable were \$13,250 and \$6,667, respectively. As of June 30, 2017, the balances of the agency receivable and payable were \$14,250 and \$8,667, respectively.

8. LONG-TERM DEBT

Long-term debt, net of discounts, consists of the following notes as of June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Notes payable to Texas Department of Housing and Community Affairs (TDHCA) in the original amounts of \$2,183,669 and \$1,892,373 as of June 30, 2018 and 2017, respectively, bearing interest ranging from 0% to 4%, discount calculated based on an imputed interest rate ranging between 7.39% and 8.48%, the rate provided annually by Habitat for Humanity International, resulting in a discount of \$868,167 and \$717,881, as of June 30, 2018 and 2017, respectively. The Habitat remits monthly payments of \$8,276 and the loans mature July 2021 through August 2046.	\$ 1,274,959	\$ 1,149,743
Line of credit to LegacyTexas bank in the amount of \$100,000 due January 18, 2019; interest rate of 7.0%	99,872	25,000
Note payable to a bank; interest rate of 5.25%; due May 25, 2026. Secured by land and building.	47,482	120,991
Line of credit with Independent Bank in the amount of \$100,000 due January 23, 2020; interest rate of 3.5%.	<u>97,233</u>	<u>-</u>
Total outstanding balance	1,519,546	1,295,734
Less current installments	<u>(199,175)</u>	<u>(85,626)</u>
Total long-term debt	<u>\$ 1,320,371</u>	<u>\$ 1,210,108</u>

The maturities of long-term debt by fiscal year are as follows:

2019	\$ 199,175
2020	196,767
2021	99,929
2022	100,438
2023	105,250
Thereafter	<u>817,987</u>
Total	<u>\$ 1,519,546</u>

9. IN-KIND CONTRIBUTIONS

The Habitat receives in-kind contributions of land, materials and services used in the construction of its homes. The contributed asset is recognized as an asset at its estimated fair value at the date of gift, provided that the value of the asset and its estimated useful life meets the Habitat's capitalization policy. The total amount for in-kind contributions for the year ending June 30, 2018 was \$224,633 and \$202,885 in 2017.

The Habitat also received furniture, household items and constructional materials used in home construction and repair for sale in the ReStore. All donations are valued at the estimated fair market value on the date the donation is made.

10. RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following:

	<u>2018</u>	<u>2017</u>
Temporarily restricted		
Contributions Temporarily Restricted	\$ <u>1,011,441</u>	\$ <u>351,251</u>

11. COMMITMENTS AND CONTINGENCIES

In addition to the non-interest bearing mortgages received from the sale of each home, the Habitat receives a shared appreciation agreement. The shared appreciation agreement allows the Habitat to collect the lowest independent appraised value as an additional amount upon the sale or refinance within 20 years of the original sale contract. The shared appreciation agreement payoff is considered less than probable or remote and therefore no receivable has been recorded in the financial statements.

12. CONCENTRATION OF CREDIT RISK

The Habitat maintains its cash and cash equivalents balances in local financial institutions. All accounts for a single depositor are insured by the Federal Deposits Insurance Corporation up to \$250,000. The Habitat had uninsured cash balances of \$0 as of June 30, 2018 and 2017.

The Habitat's programs are concentrated in the northern portion of Collin County. The Organization receives donations, home sales and collection of mortgage receivables in this area. Changes in economic conditions may impact the Habitat.

The Habitat's purpose is to provide housing for low-income homeowners. As such, it is likely that the mortgage holders would be unable to qualify for a mortgage from a traditional financial institution. This poses an inherent risk to the Habitat that the mortgages receivable will be partially uncollectible. To mitigate the risk of overstating the ability of the Habitat to fully collect the mortgages, the notes receivable have been discounted using the prevailing market rate for low-income housing at the inception of the note. Additionally, all notes receivable are collateralized by the real estate associated with the mortgage.

13. ADVERTISING

The Habitat uses advertising to promote its program. Advertising expenses are expensed as incurred. For the years ended June 30, 2018 and 2017, advertising expenses of \$68,042 and \$56,014 were incurred, respectively.

14. TRANSACTIONS WITH HABITAT INTERNATIONAL

The Habitat annually remits 10% of its unrestricted contributions (excluding in-kind contributions) to Habitat International. These funds are used to construct homes in economically depressed areas around the world. For the years ended June 30, 2018 and 2017, Habitat contributed \$11,000 and \$16,000 to Habitat International, respectively. In addition to these unrestricted contributions to Habitat International, Habitat also paid a support fee in the amount of \$17,100 for the year ended June 30, 2018 and \$15,600 for the year ended June 30, 2017.

15. RECLASSIFICATIONS

Certain reclassifications of prior period amounts have been made, where appropriate, to reflect comparable operating results.

16. SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 15, 2018 the issuance date of the report. No subsequent events requiring disclosure were noted.

NORTH COLLIN COUNTY HABITAT FOR HUMANITY

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2017 AND 2016

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 52,843	\$ 103,921
Temporarily restricted cash	16,639	134,884
Contributions receivable	251,116	247,454
Inventory	314,419	268,523
Inventories - land held for development	293,976	333,201
Non-interest bearing mortgages receivable, current portion (net of discount)	192,156	170,791
TDHCA Boot Strap agency receivables, current portion	67,438	61,438
Other receivables	28,512	30,615
Total Current Assets	<u>1,217,099</u>	<u>1,350,827</u>
LONG-TERM ASSETS		
Property, furniture and equipment (net)	1,495,803	1,470,752
Contributions receivable	77,675	84,000
Non-interest bearing mortgages receivable, long-term portion (net of discount)	2,509,700	2,037,266
TDHCA Boot Strap agency receivables, long-term portion	928,064	862,569
HBA agency receivable	14,250	15,250
Discount on non-interest bearing mortgage	(1,388,956)	(1,113,567)
Construction in progress	153,636	226,438
Total Long-term Assets	<u>3,790,172</u>	<u>3,582,708</u>
Total Assets	<u>\$ 5,007,271</u>	<u>\$ 4,933,535</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 100,139	\$ 53,982
Escrow-mortgage holders	86,421	75,012
Due to ReStore	95,719	74,661
Due to TDHCA Boot Strap, current portion	67,438	61,438
Line of credit	16,979	-
Notes payable, current portion (net of discount)	85,626	88,674
Total Current Liabilities	<u>452,322</u>	<u>353,767</u>
LONG-TERM LIABILITIES		
Due to TDHCA Bootstrap, long-term portion	929,090	863,590
Due to HBA	8,667	10,667
Notes payable, long-term portion (net of discount)	1,210,108	1,229,638
Total Long-term Liabilities	<u>2,147,865</u>	<u>2,103,895</u>
Total Liabilities	<u>2,600,187</u>	<u>2,457,662</u>
NET ASSETS		
Unrestricted	2,055,833	1,639,620
Temporarily restricted	351,251	836,253
Total Net Assets	<u>2,407,084</u>	<u>2,475,873</u>
Total Liabilities and Net Assets	<u>\$ 5,007,271</u>	<u>\$ 4,933,535</u>

The accompanying notes are an integral part of these financial statements.



Neighborhood Revitalization

La Loma Neighborhood

4-Year (2013-2017) Follow-up Impact Study

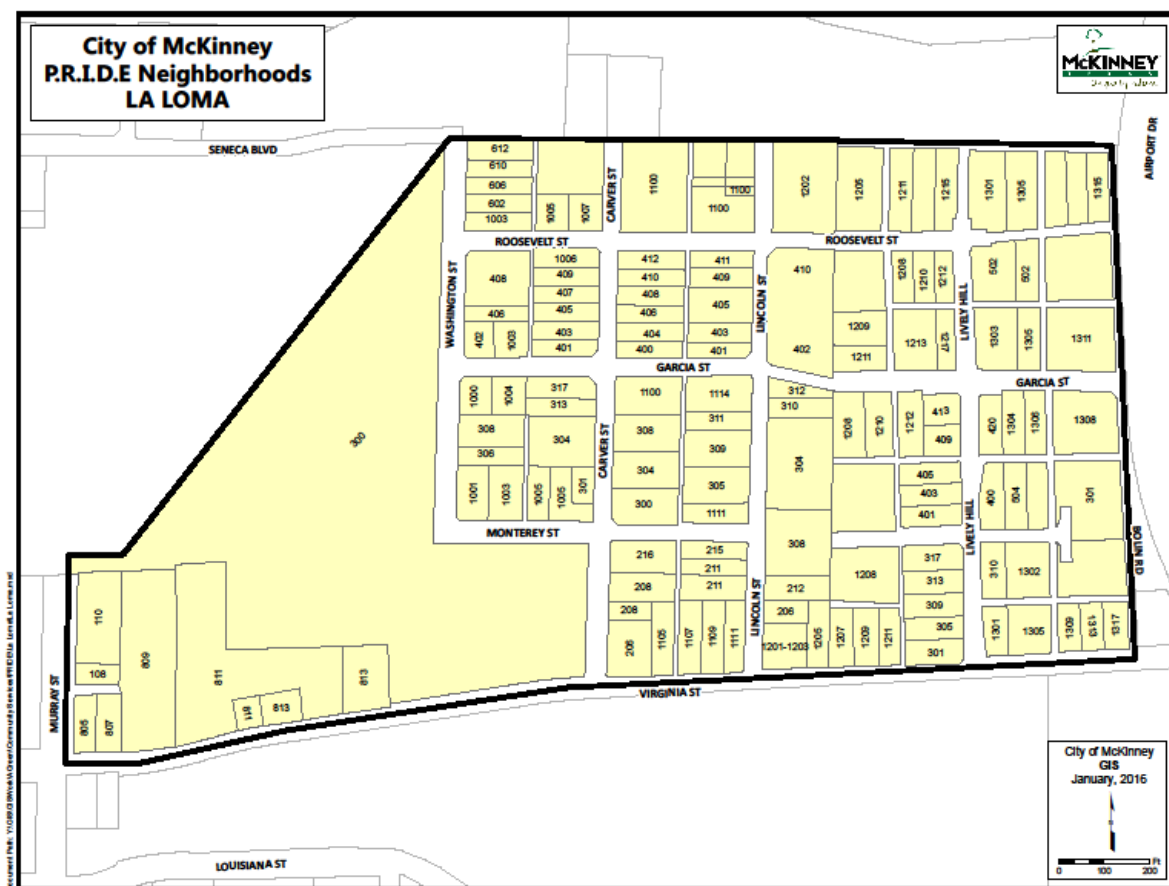


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Acknowledgements

Data Collection

We would like to acknowledge those who provided the baseline data for this study: specifically those from Holy Family Episcopal Church, Christ Fellowship Church, and Habitat individual volunteers for collecting the 2013 resident perception data through a series of survey questions.

We would also like to thank those who provided the impact data for this study: specifically those from State Farm and Habitat individual volunteers (Chrisy Acuna, Jim Arnold, Mirna Hernandez, and Monique Houston) for collecting the 2017 resident perception data through a series of survey questions.



Above picture is a group of women from State Farm that came out to help conduct and gather survey responses from La Loma residents for the impact (second round) of data collection. Also pictured is one of the La Loma residents and her daughter.

Executive Summary

History and Purpose

North Collin County Habitat for Humanity (NCC Habitat) launched its Neighborhood Revitalization (NR) work in 2012 in coordination with a nationwide initiative of Habitat for Humanity International. Through the initiative, Habitat expands from a focus on impacting individual families to a broader goal of improving quality of life in an entire neighborhood.

This report summarizes the findings from a quality of life evaluation conducted in one of North Collin County Habitat for Humanity focus areas, the La Loma Neighborhood. The evaluation examines data and responses collected in 2017 as well as data collected in a 2013 baseline study. North Collin County Habitat for Humanity and its community partners will use this evaluation to assess the impact of their work and to inform future action.

North Collin County Habitat for Humanity selected the La Loma focus area in 2012, after being invited by the City of McKinney to join the PRIDE, or Promoting Residential Involvement, Development and Enthusiasm program. The goal of the program is to promote pride, and unite and sustain communities in McKinney that do not have a homeowners association.

North Collin County Habitat for Humanity committed to completing a significant amount of housing work (new building, rehabilitation and repairs) in the La Loma neighborhood each year. It also planned to do its work differently in the focus area, because housing work alone would not lead to neighborhood level change. This meant adopting a model that included more in-depth community engagement with residents, partner organizations and Habitat homeowners.

Making such substantial programmatic changes also meant that North Collin County Habitat for Humanity needed to create a new way to evaluate its impact and to shift from looking at outcomes on the single home/ family level to looking at outcomes on the neighborhood level. This evaluation does just that. It uses Success Measures Data Systems (SMDS) tools developed by Neighborworks America to look at changes in neighborhood level conditions over time.

Resident Perceptions Survey

The primary goal of the North Collin County Habitat for Humanity program is to improve quality of life in the focus area. The field of community development measure quality of life using multiple key indicators, including neighborhood satisfaction, perception of safety, social capital, and civic engagement. Evaluators collected and analyzed data on these measures to inform work and track changes over time.

Methods

2013

Resident perceptions were first collected by Holy Family Episcopal Church, Christ Fellowship Church, and other Habitat volunteers through a series of questions that were asked of La Loma residents in 2013. The surveys were completed by volunteers canvassing the neighborhood and knocking on the doors of the residents and asking the questions, much like an interview.

63 of the, at the time 79, households completed the survey which gave us statistically, a 91% confidence level and 8% margin of error.

2017

North Collin County Habitat for Humanity Community Engagement Coordinator staff led the collection of the follow-up data in May and June 2017. They used a 27 question SMDS tool called NR4 – Community Resident Survey (see appendix).

All 69 households in the focus area were invited to complete the survey. There were three ways in which residents were invited to take the quality of life survey. The first was through volunteers canvassing the neighborhood asking residents to complete the survey. The second was via a link that would take the residents to the survey online. And lastly, a hard copy of the survey was sent out to all residents, where they could complete and return it to the Habitat for Humanity office via mail or in person.

43 of the 69 households completed the survey which gave us statistically, a 71% confidence level and 8% margin of error.

Demographics 2017

Of those who completed the survey, 84% owned their home while 16% rented their home.

Type of Household
n = 43

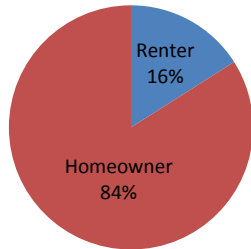


Figure 1 The percentage of renters and homeowners that completed the survey

Years in Neighborhood
n = 43

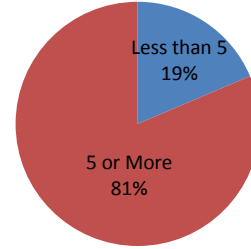


Figure 2 The percentage of respondents who had live in La Loma for 5 or more years or less than 5 years

Figure 2 shows that 81% of respondents have lived in the neighborhood 5 or more years and the other 19% had lived there less.

Figure 3 shows the same data segmented by owners and renters. A majority of the renters had lived in the neighborhood for 10 or less years. Homeowners were fairly evenly spaced between 0 and 20 years as well as 30+ years.

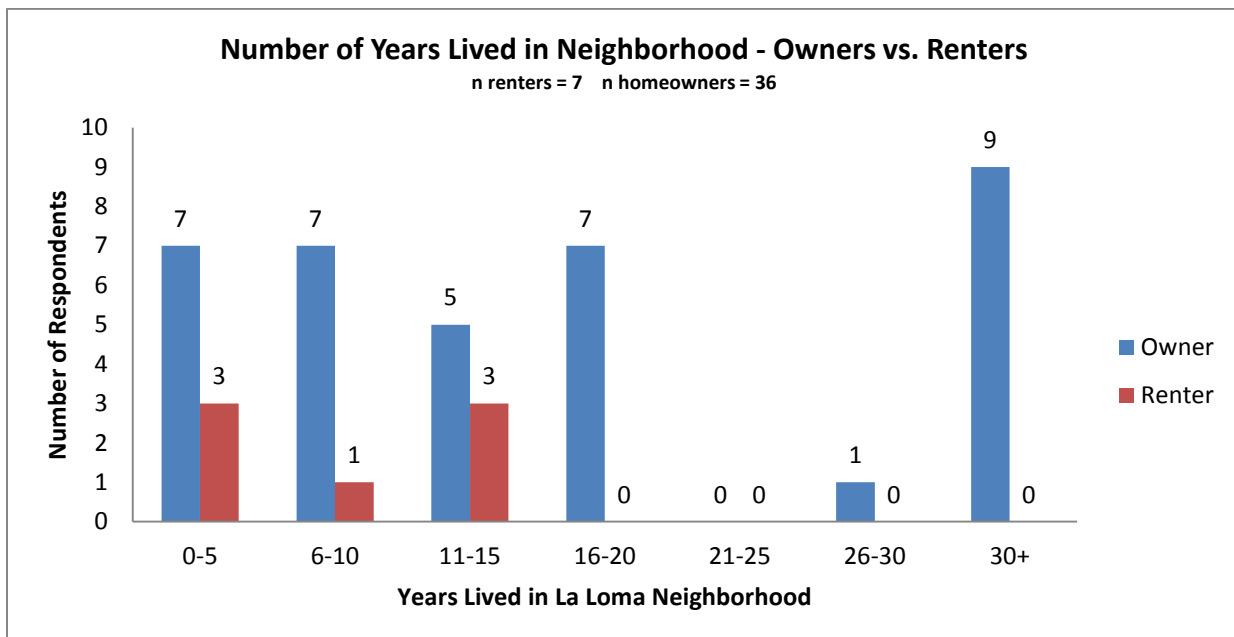


Figure 3 Number of years lived in the La Loma Neighborhood for renters and owners

Neighborhood Satisfaction Results

Overall Satisfaction: 2013 & 2017

The 2013 and 2017 survey included 3 questions about residents' overall satisfaction with the neighborhood. Satisfaction was fairly high for all three questions: In 2013 93% of respondents were satisfied with the neighborhood to at least some degree and that increased to 98% satisfaction in 2017 (Figure 4).

In 2013, 89% would recommend the neighborhood to someone as a good place to live and in 2017 that number increased to 98% (Figure 5). In comparison to the National citizen Survey that was conducted in 2017 for all of McKinney, 90% of McKinney residents would recommend McKinney to live in whereas 98% of residents would recommend the La Loma Neighborhood as a place of residency.

And lastly, in regards to neighborhood satisfaction, in both 2013 and 2017, 85% of the respondents stated that they would continue to live in the La Loma Neighborhood if they had a choice (Figure 6). In comparison to the National citizen Survey that was conducted in 2017 for all of McKinney, 85% of McKinney residents also stated that they would continue living in the area which is the same percentage that we received from La Loma residents.

Renters and owners did not differ significantly in any of these measures of overall satisfaction.

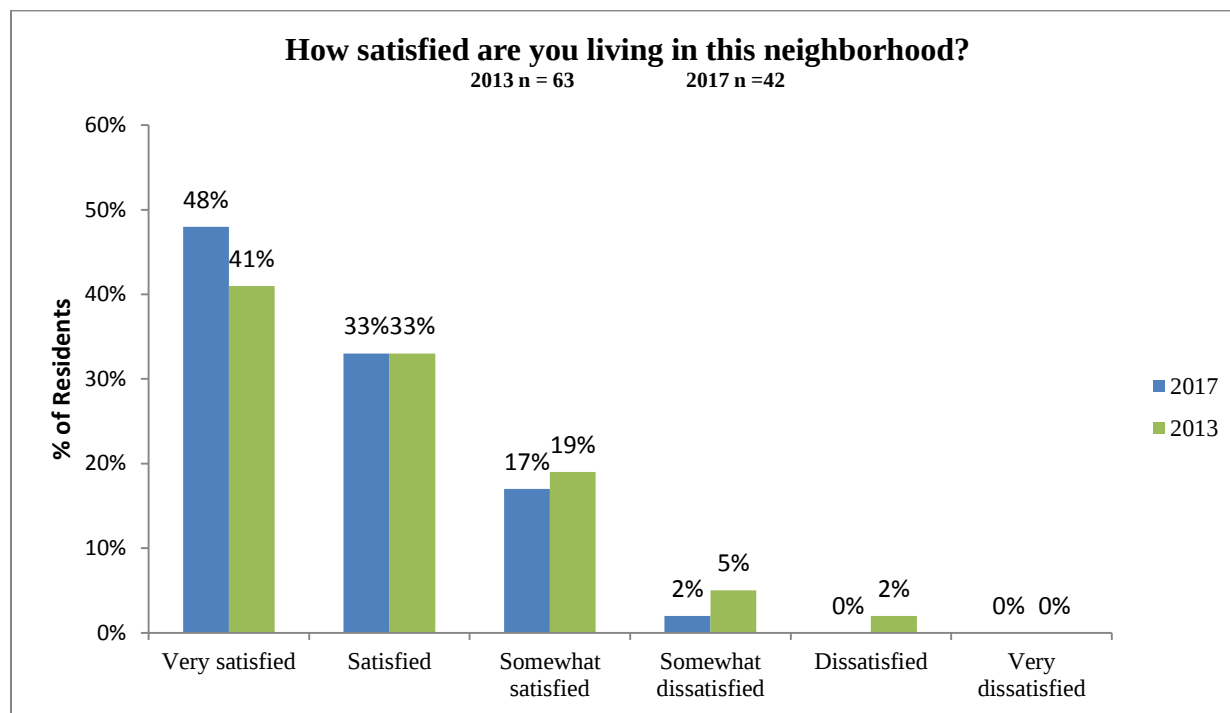


Figure 4 Responses to the question, "Overall, considering everything, how satisfied would you say you are living in this neighborhood?"

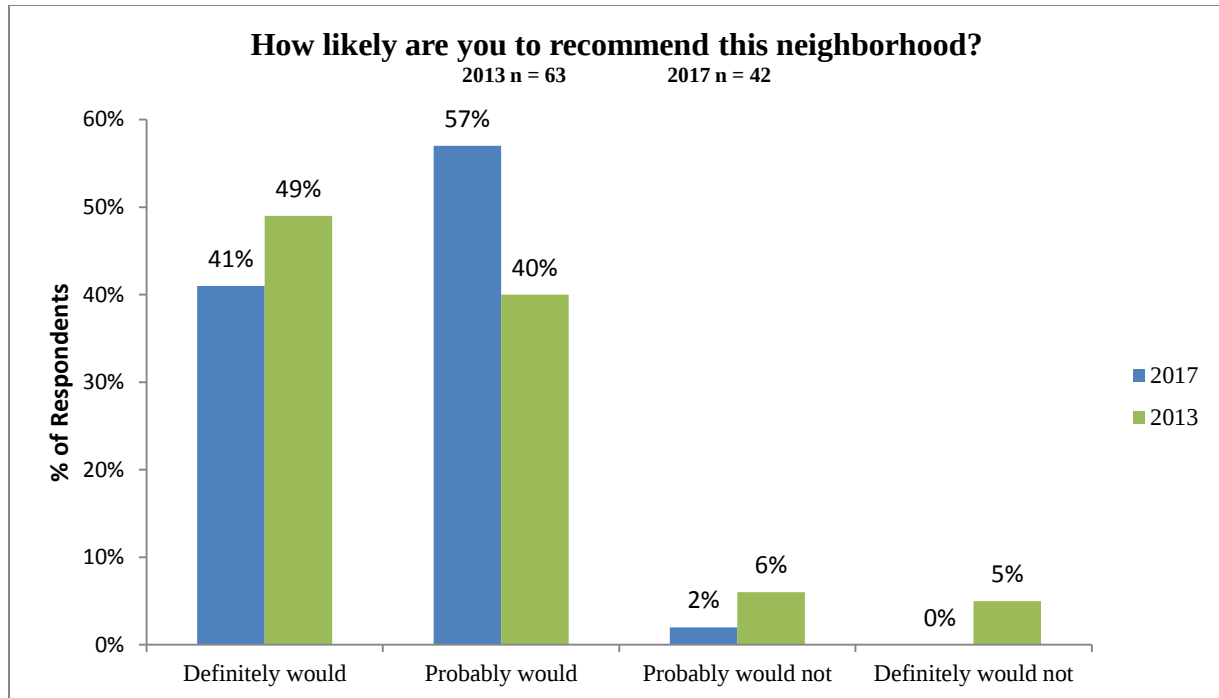


Figure 5 Responses to the question, “Would you recommend this neighborhood to someone as a good place to live?”

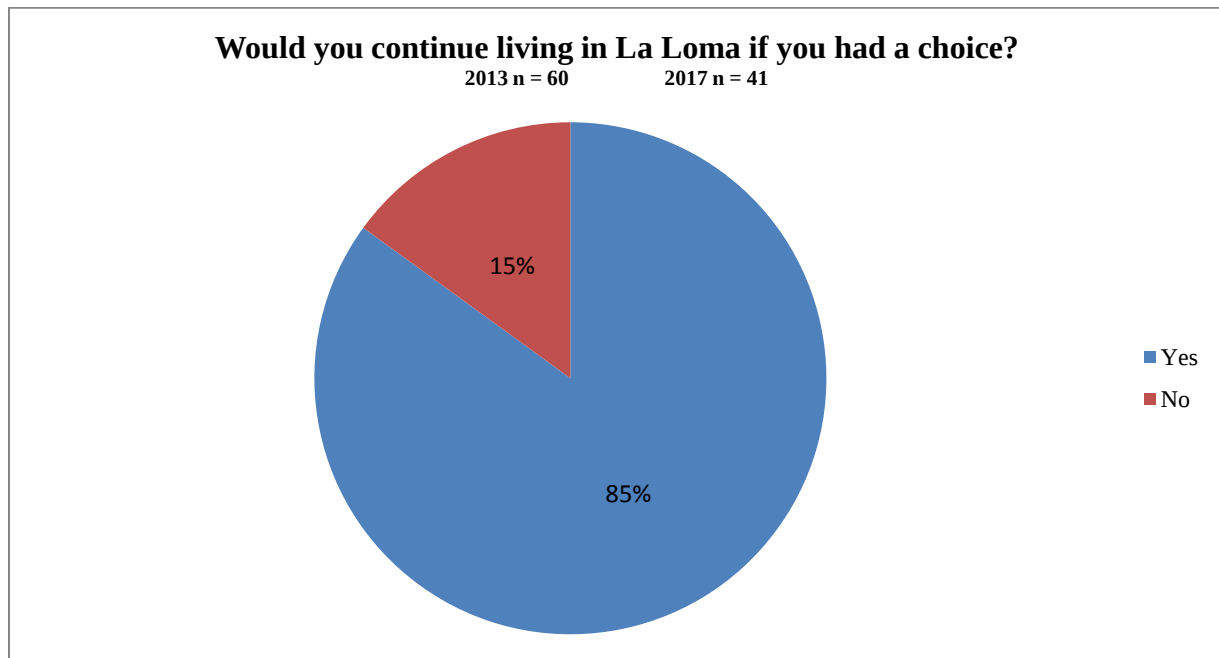


Figure 6 Responses to the question, “Would you continue to live in this neighborhood if you had the choice?”

What residents Liked BEST: 2017

This page presents insights from the 2017 survey related to what residents like best about their neighborhood. Community partners can celebrate and build upon these existing assets.

Table 1 shows the results of a question in which residents were asked to choose the 3 aspects they liked BEST about their neighborhood from a preset list. The top results were “my house or apartment,” “my neighbors,” “safety,” and “affordability of housing.”

Figure 7 is a visual representation of the frequencies of various words used by residents in open-answer comments explaining why they would want to stay in the neighborhood.

Liked BEST 2017 (n=95)		
Aspects of Neighborhood	# or Respondents	% of Respondents
My house or apartment	24	25%
My neighbors	23	24%
Safety	15	16%
Schools for my children	13	14%
Affordability of housing	10	11%
Distance to work	6	6%
Access to amenities, such as neighborhood centers or stores	3	3%
Access to job opportunities	1	1%
Proximity to public transportation	0	0%
Types of housing available	0	0%

Table 1 Number and percentage of residents who chose each aspect as one of their top 3.

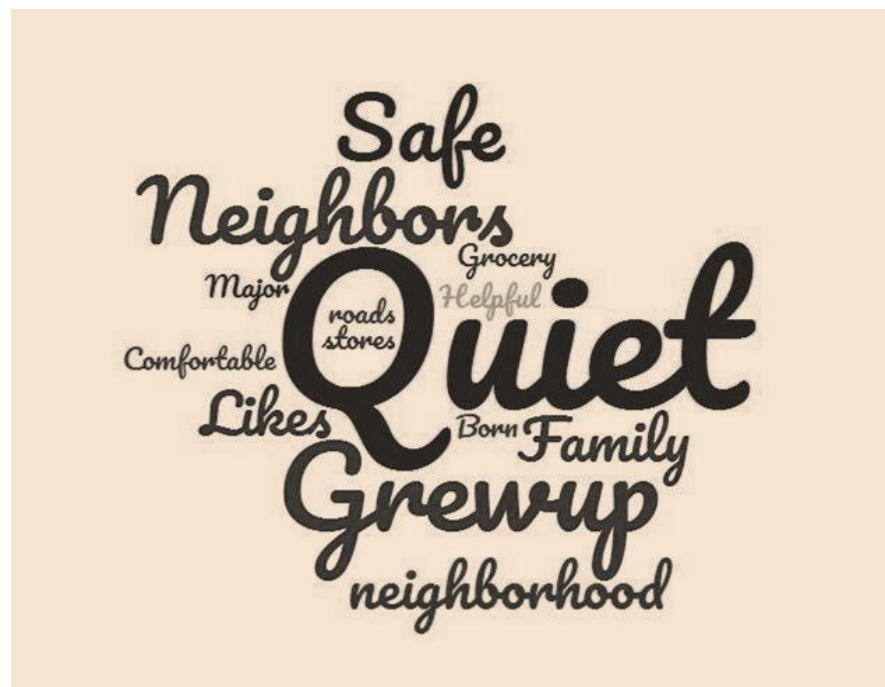


Figure 7 The size of each word represents how often it was used in positive responses to the question, “Please describe why you would/ would not continue living in the neighborhood.”

Comparison of BEST Aspects of Neighborhood: 2013 & 2017

How did resident's favorite aspects of the neighborhood compare between 2013 and 2017?
Figure 8 shows the comparison in response between these two years.

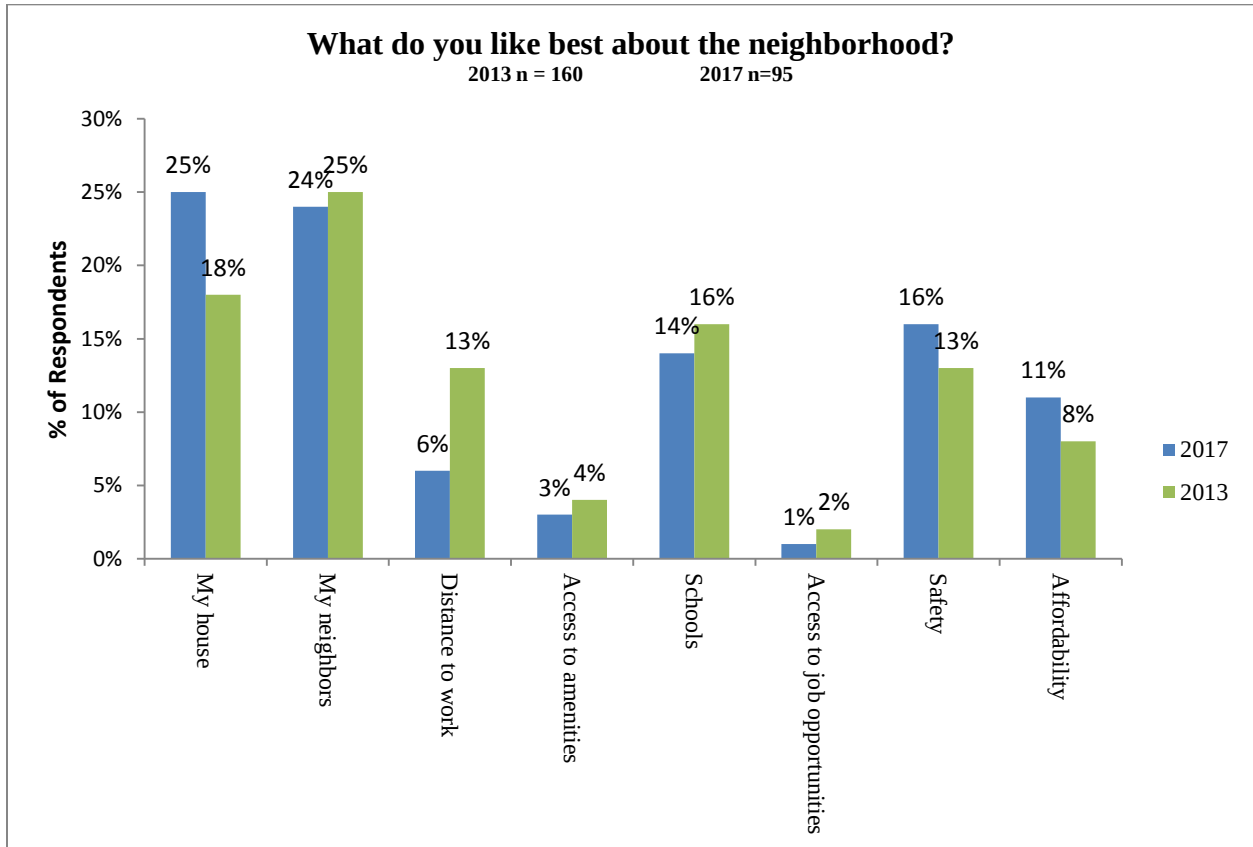


Figure 8 The comparison between the aspects that residents liked the best about their neighborhood for 2013 and 2017



Picture to the left is a La Loma family that completed a resident survey in 2013 and has been beneficiaries of work being completed on their home through the A Brush With Kindness (ABWK) home repair program.

What residents Liked LEAST: 2017

Table 2 shows the results of a question in which residents were asked to choose the 3 aspects they liked LEAST about their neighborhood from a preset list. The top results were “proximity to public transportation,” “my neighbors,” “safety,” and “distance to work.”

Figure 9 is a visual representation of the frequencies of various words used by residents in open-answer comments explaining why they would not want to stay in the neighborhood.

Liked LEAST 2017 (n=62)		
Aspects of Neighborhood	# or Respondents	% of Respondents
Proximity to public transportation	11	18%
My neighbors	11	18%
Safety	9	14%
Distance to work	8	13%
Access to job opportunities	7	11%
Affordability of housing	6	10%
Access to amenities, such as neighborhood centers or stores	4	6%
Schools for my children	3	5%
Types of housing available	3	5%
My house or apartment	0	0%

Table 2 Number and percentage of residents who chose each aspect as one of their 3 least liked aspects



Figure 9 The size of each word represents how often it was used in negative responses to the question, “Please describe why you would/ would not continue living in the neighborhood.”

Comparison of LEAST Liked Aspects of the Neighborhood: 2013 & 2017

How did resident's least liked aspects of the neighborhood compare between 2013 and 2017?

Figure 10 shows the comparison in response between these two years.

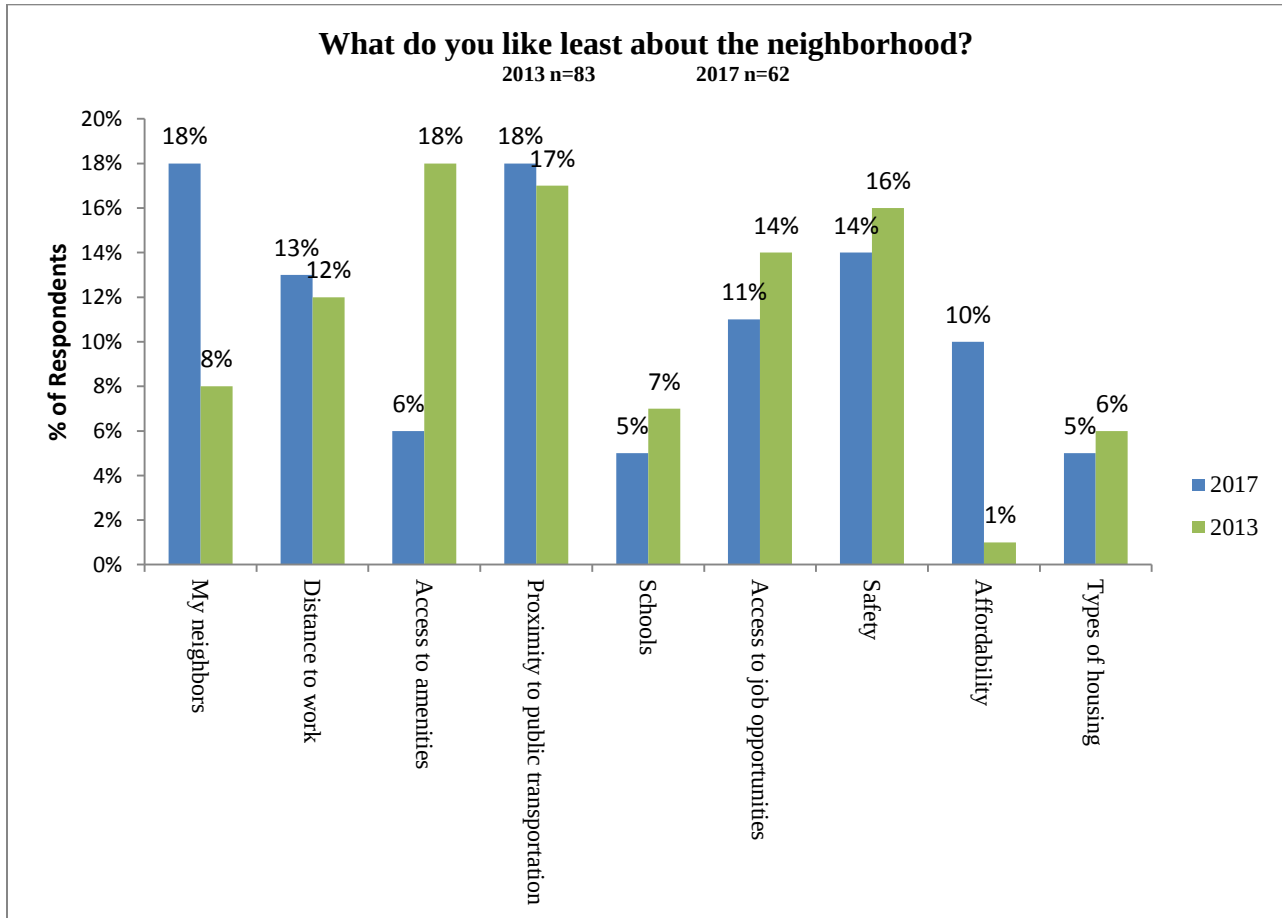


Figure 10 The comparison between the aspects that residents liked the least about their neighborhood for 2013 and 2017



Pictured to the left is a group of volunteers that have assisted North Collin County Habitat for Humanity in their work in the La Loma Neighborhood as well as a homeowner who has been a beneficiary of home repairs and completed a resident survey.

As another way to identify dislikes in the neighborhood, respondents were asked whether or not they believed an item on a list of problems were issues in their neighborhood (“yes” or “no”). Table 3 shows the ranked list. Issues related to “traffic/speeding vehicles,” “stray cats/dogs,” “poorly maintained streets/sidewalks,” and “inadequate street lighting” were at the top of the list.

In comparison to the National citizen Survey that was conducted in 2017 for all of McKinney, we are able to see that there is a drastic difference in the percentage of residents that believe that these top four responses are an issue. There was a difference of 33% for traffic/speeding vehicles, 28% for stray cats/dogs, 20% for poorly maintained streets/sidewalks, and 10% for inadequate street lighting.

Therefore the question is, why is there such a difference in how the overall population of McKinney sees these specific areas compared to the specific area of the La Loma Neighborhood? What can be done to help the La Loma residents combat these issues so that the overall consensus would be similar to that of the McKinney study?

Is this an Issue in Your Neighborhood? N=40			
Potential Neighborhood Issue	# Who Believe It Is a Problem	% Who Believe It Is a Problem	% McKinney residents believe it's a problem
Traffic/speeding vehicles	19	48%	15%
Stray cats/dogs	19	48%	20%
Poorly maintained streets/sidewalks	18	45%	25%
Inadequate street lighting	16	40%	30%
Drug activity	15	38%	
Litter, trash, or debris	13	33%	
Vandalism and/or break-ins	12	30%	
Vacant houses/apartments	9	23%	
Poorly maintained parks/playgrounds	9	23%	
Dumping	6	15%	
Squatting	5	13%	
Vacant non-residential buildings	4	10%	
Graffiti	4	10%	

Table 3 Number and percentage of residents who stated that the choice was an issue in 2017

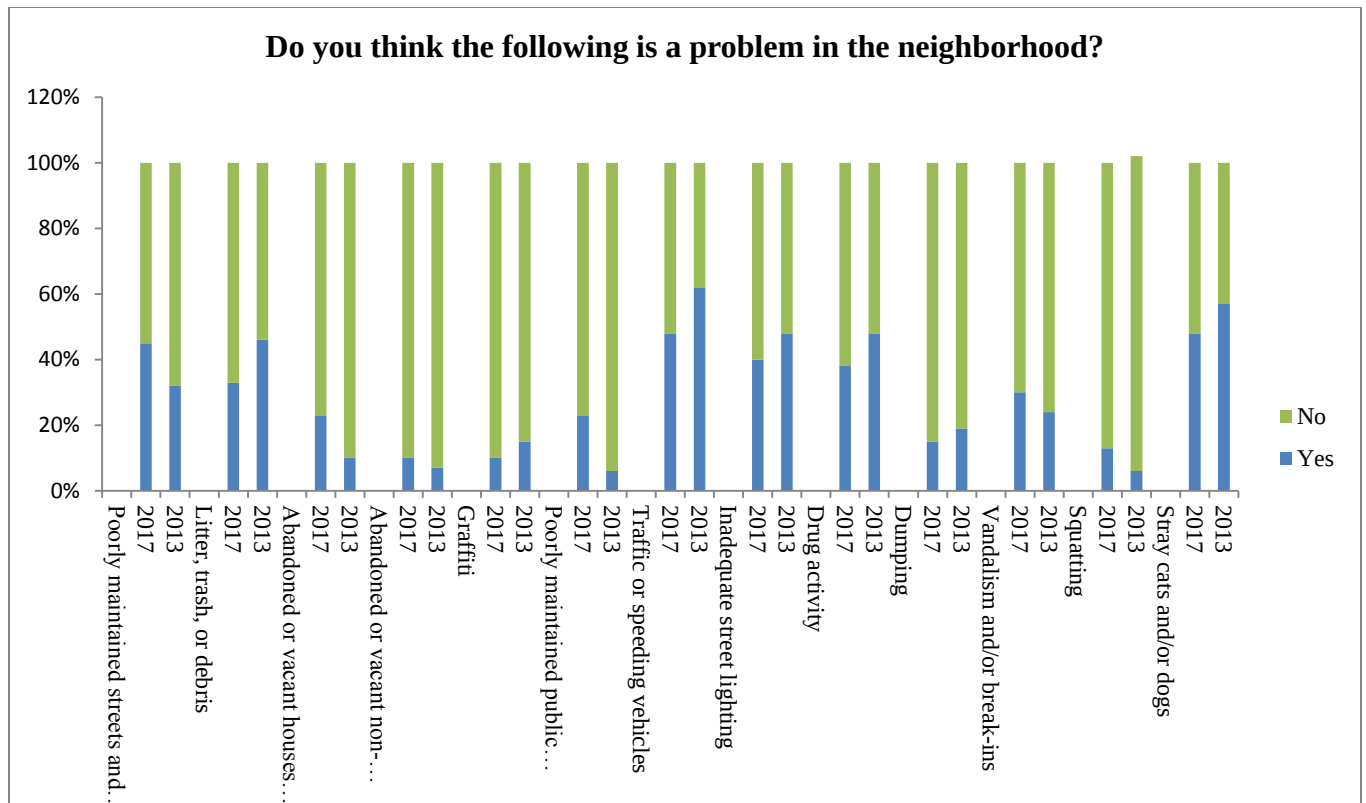


Figure 11 Comparison between 2013 and 2017 for the question “indicate whether or not you think each is a problem in your neighborhood”

Figure 12 indicates the satisfaction of the survey responses to various services in their neighborhood. Much of the satisfaction in the services went down from 2013 to 2017 besides emergency services which remained the same. In part, this could be due to the residents not utilizing the specific service and only having the option of “satisfied” or “not satisfied” to choose from.

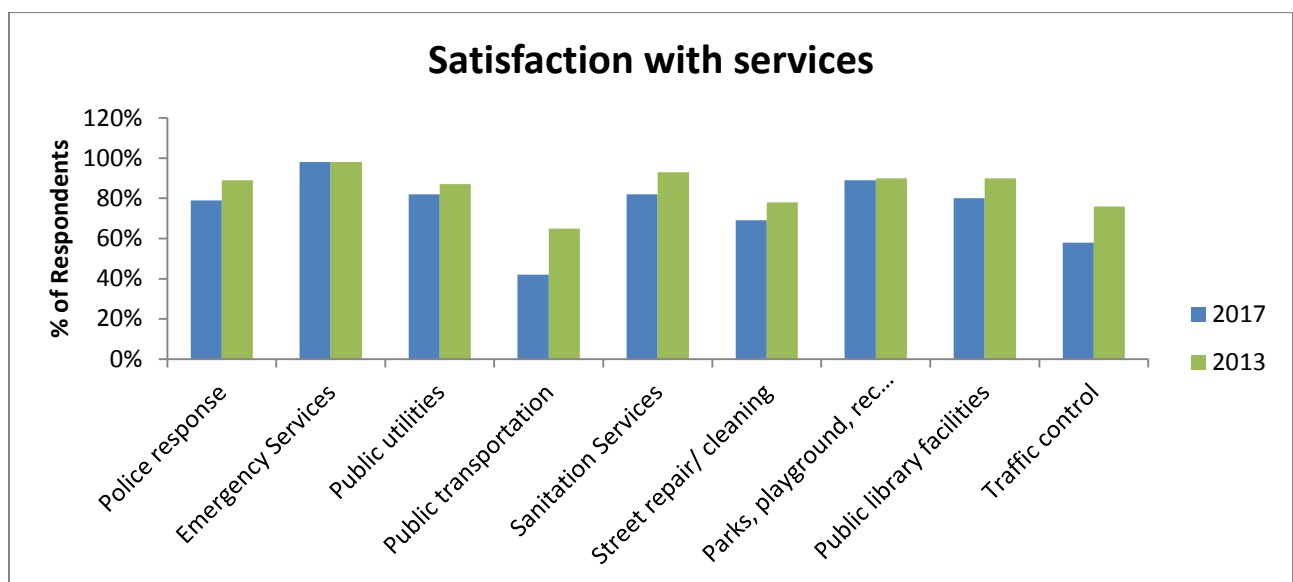


Figure 12 Comparison between 2013 and 2017 for the question “are you satisfied with these services.”

Safety Results

Figure 13 below shows details about how safe residents reported feeling at various locations and times of the day in 2013 and 2017. Residents said they feel most safe in their homes and the least safe walking outside at night. In comparison to the National citizen Survey that was conducted in 2017 for all of McKinney, 96% of McKinney residents stated that they feel safe in their neighborhood during the day and only 93% of La Loma residents indicated that they feel safe in their neighborhood during the day. This is a difference of negative 3% but still indicates that a majority of residents feel safe during the daytime in their neighborhood.

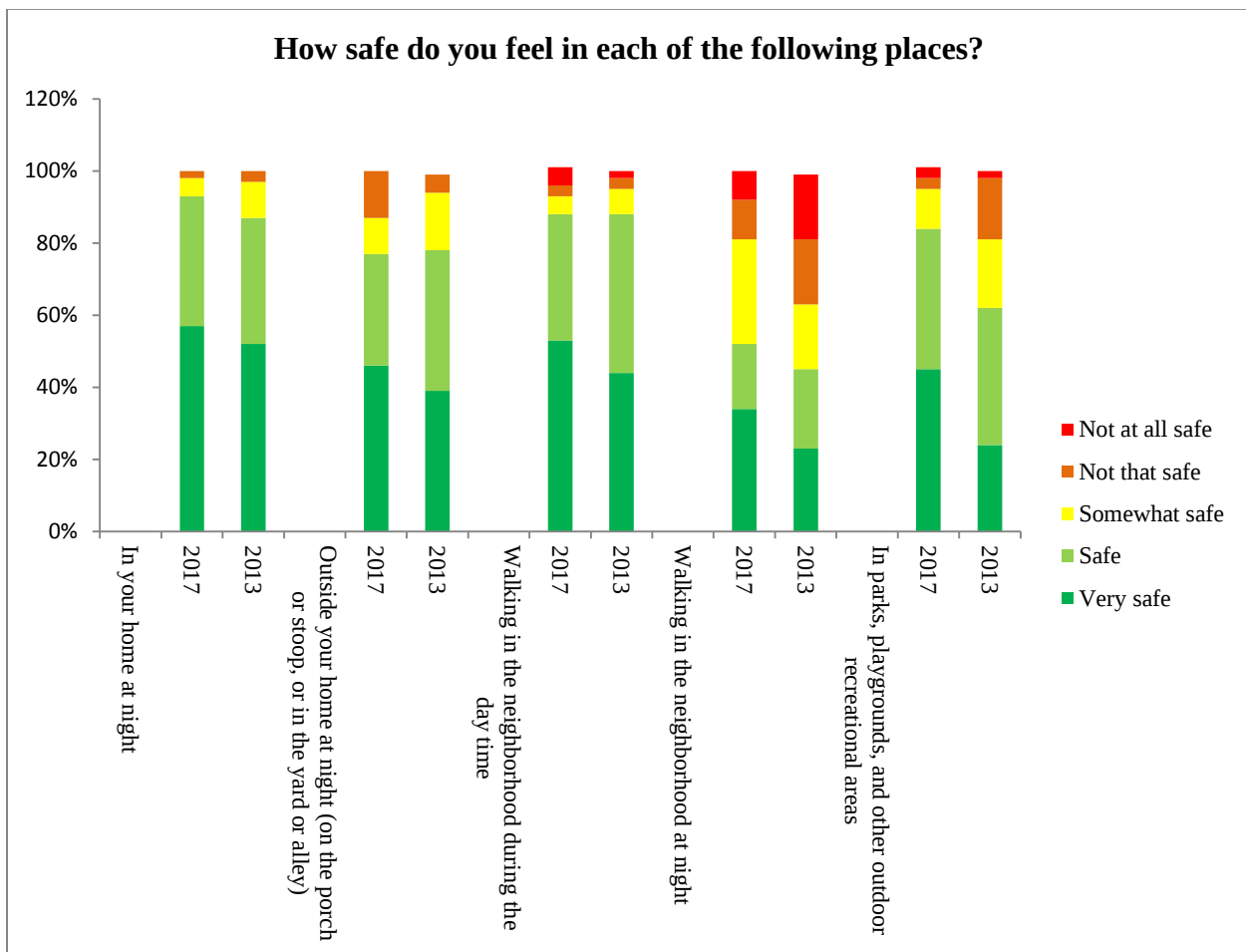


Figure 13 Responses to the question, “Please indicate how safe you feel in each of the following locations.”

Social Capital Results

Social capital, the network of relationships in a community and people’s willingness to help each other, has been shown to be a key determinant of quality of life in communities.

Figure 14 shows that approximately 87% of respondents in 2017 said they feel a part of the neighborhood at least “to some extent.” This was an increase of 3% from 2013.

Figure 15 shows that a high percentage of respondents in both 2013 and 2017 believed that neighbors are at least somewhat likely to help with various favors.

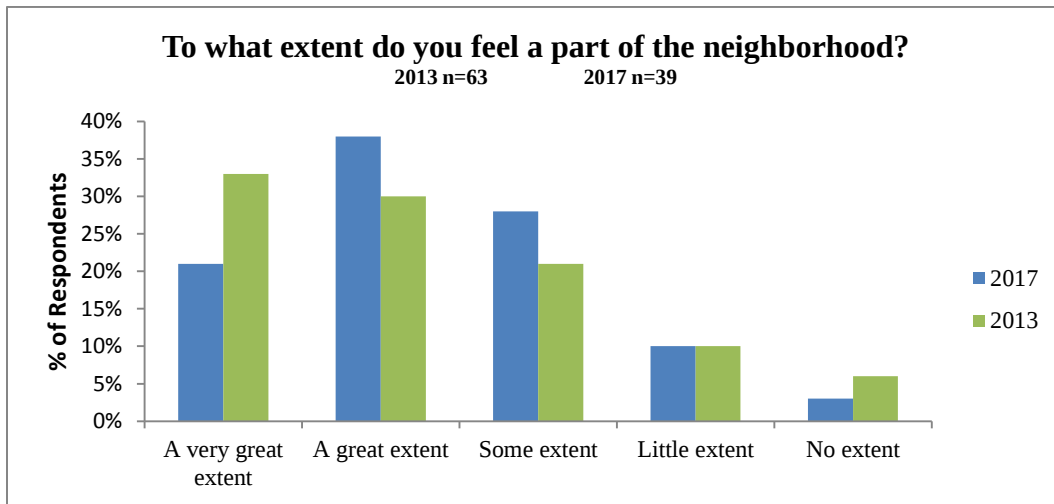


Figure 14 Responses to the question “to what extent do you feel a part of this neighborhood?”

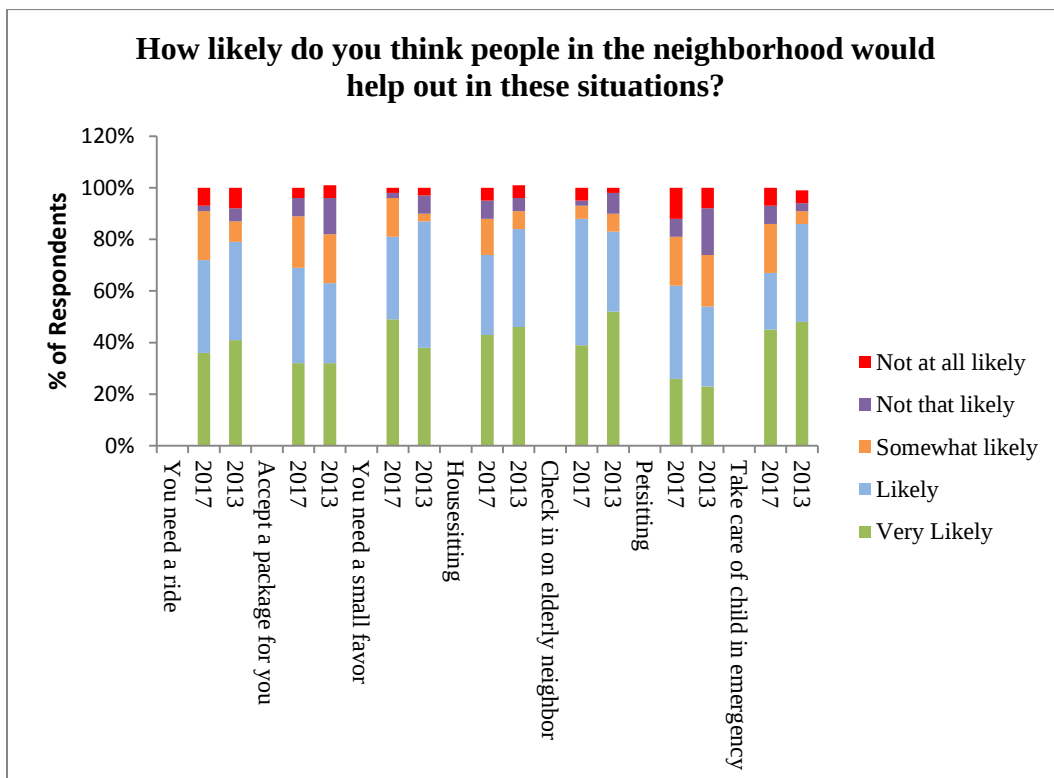


Figure 15 Percentage of residents responding to the question: “How likely is it for people in this neighborhood to help if...”

Civic Engagement Results

Pages 16-17 present findings related to civic engagement comparison from the 2017 and 2013 residential surveys.

Table 4 shows results from 2013 and 2017 when residents were asked to rank whether they had participated in a list of activities in the neighborhood in the past 12 months. It appears that voting and volunteering are most common, and that attending resident meeting increased from 2013 to 2017.

Participation in Neighborhood Activities			
	La Loma 2013	La Loma 2017	McKinney 2017
Vote in a local or national election	35%	52%	72%
Volunteer your time to support a nonprofit or community organization.	41%	31%	83%
Participate in a community event or social activity sponsored by a local organization	41%	31%	
Attend a resident or tenant meeting, a block club meeting, or a neighborhood association meeting.	21%	24%	
Attend a public meeting, write to a public official, or talk with a public official.	34%	21%	18%
Become involved in community affairs, civic activities, or political issues	25%	20%	
Work to improve the public spaces in your neighborhood	35%	17%	

Table 4 Percentages of participants in the 2013 and 2017 surveys saying they participated in these neighborhood activities in the last 12 months.

Figure 16 shows the frequency with which residents reported using different types of businesses.

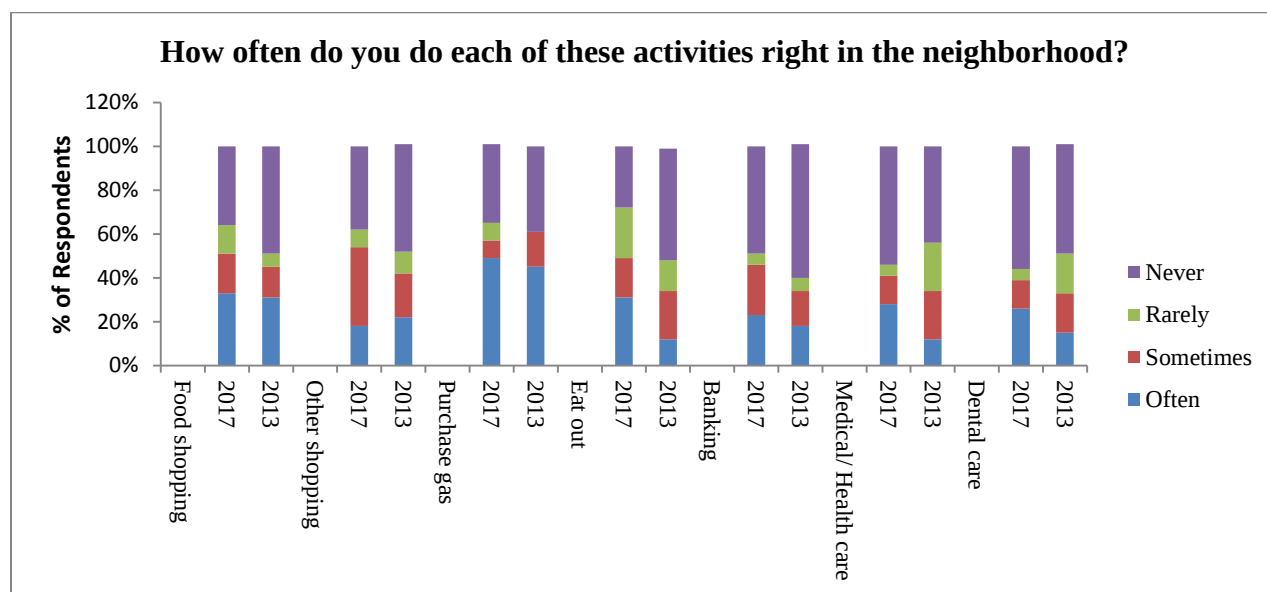


Figure 16 Responses to the question, "please indicate how often you do these activities right in this neighborhood."

Figure 17 shows how important the respondents rated it is to be able to do certain things within the neighborhood. In the previous chart, we saw that many residents were not using different types of businesses and this is due to there not being any businesses in the neighborhood itself but many of these services can be received on the outside of the neighborhood.

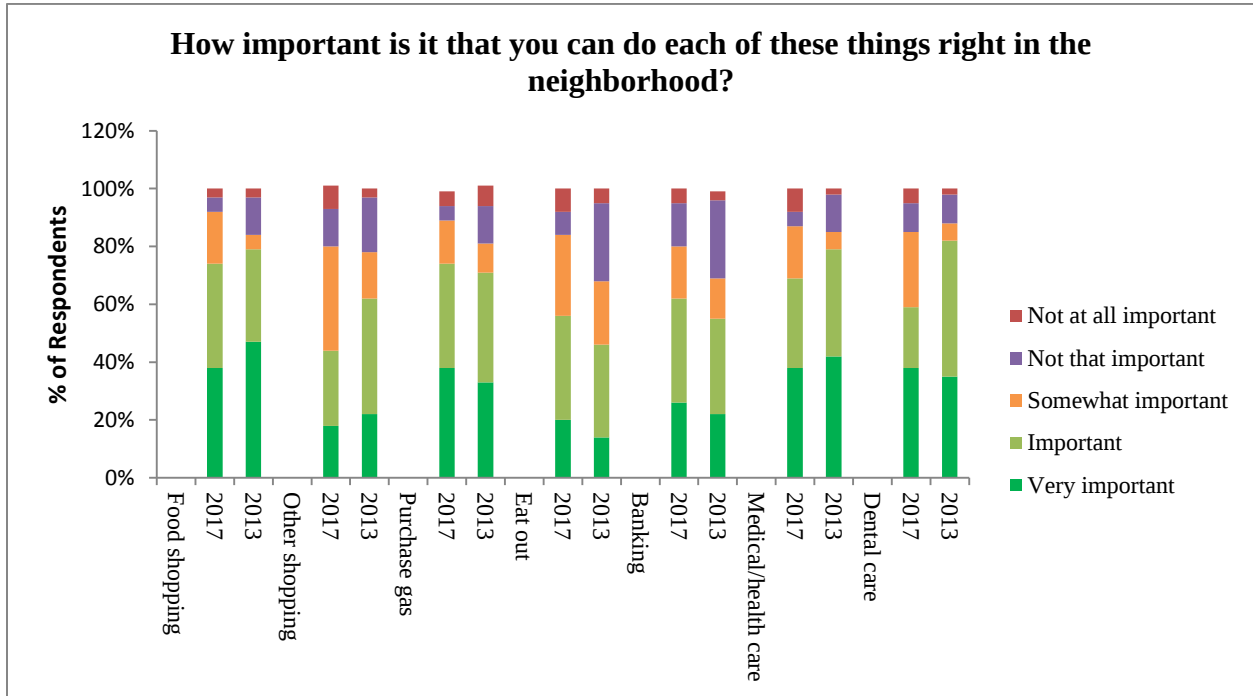


Figure 17 Responses to the question, “please indicate how important it is for you to be able to do these things right in this neighborhood.”

Figure 18 shows how respondents received information about the neighborhood in 2013 and 2017. The most common methods in 2017 were “neighbors, relatives and friends,” and “faith community members.” While many areas of communication decreased from 2013 to 2017, this could be due to more people using social media, such as Facebook, to get their information.

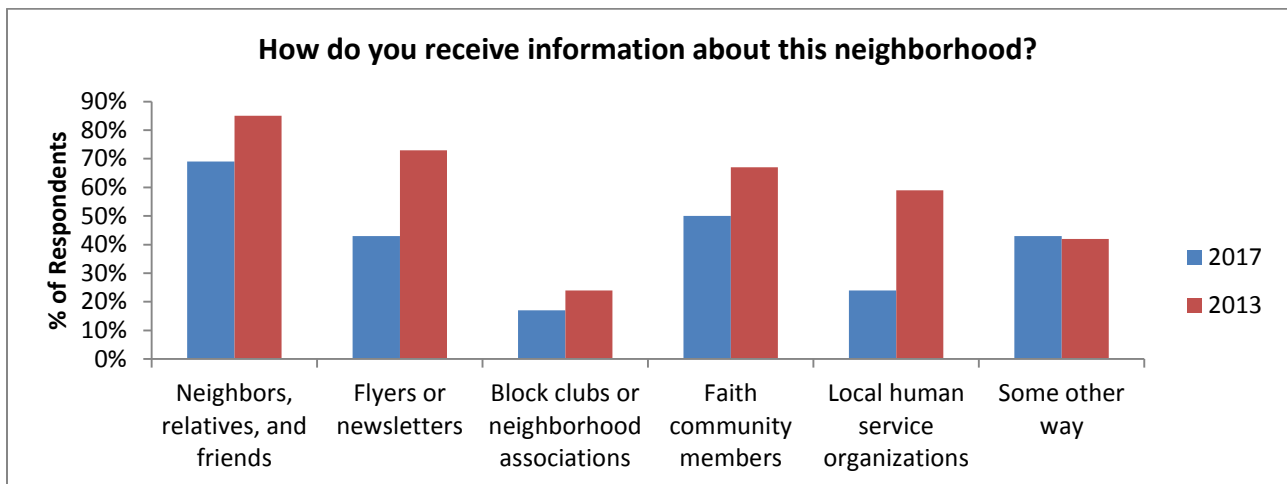


Figure 18 Percentage of respondents from the 2013 and 2017 survey who reported receiving information from the listed method.

Key Findings & Future Implications

What does the data reported above tell us about the impact of focused revitalization efforts in the La Loma Neighborhood? And how can this information from the community guide our work moving forward?

A cause and effect relationship cannot be started between revitalization efforts and community changes, but the data does suggest that the area has avoided significant decline in quality of life.

The data also shows a lot of opportunities to do more. Upon reviewing the findings, the following are some recommendations for future action.

	Finding	Recommendations for Action
Resident Satisfaction	Overall resident satisfaction is high and most residents would prefer to continue living in this neighborhood	Support the preference of most residents to stay in the neighborhood. Identify additional ways to make housing affordable and prevent displacement.
What Residents Liked BEST	Residents' favorite aspects of the neighborhood are: 1) their home, 2) their neighbors, 3) safety, 4) affordability	Build upon neighborhood assets and market these positive aspects of the neighborhood.
What Residents Liked LEAST	Traffic/speeding vehicles, Stray cats/dogs, Poorly maintained streets/sidewalks, and Inadequate street lighting are the top concerns of residents and are most likely to impact overall satisfaction. Other top concerns are: public transportation, neighbors, and safety.	Increase efforts to impact traffic/ speeding vehicles, stray cats/dogs, poorly maintained streets/sidewalks, and inadequate street lighting issues. Investigate and address resident concerns about public transportation and safety.
Social Capital	87% of respondents feel like they are a part of the neighborhood to some capacity and feel like residents would help them out if needed.	Increase resident engagement within the neighborhood through helping with putting together block parties, National Night Out, informing residents about events etc. so that more residents start to feel a part of the neighborhood.

Communication	There has also been a decline in residents receiving information about what is going on in their neighborhood.	Increase awareness of events and other things taking place in the neighborhood. Try multiple ways of communication (social media, flyers, email, etc.) so that nobody is left out of the loop.
Civic Engagement	Results show that less than half of the residents, in both 2013 and 2017, were active in civic engagement activities.	Increase resident engagement and involvement within their own neighborhood. Plan a neighborhood block clean up event, make sure residents know about PRIDE meetings, share how the residents can get involved in public affairs such as advocacy, etc.



Picture above is a group of volunteers that has volunteered and helped North Collin County Habitat for Humanity in the La Loma Neighborhood.

Appendix A: Resident Perception Survey: NR4- Community Resident Survey

Thank you for taking the time to participate in this survey. We are interested in your thoughts about the _____ neighborhood.

First, I'd like to know a little bit about your living situation.

1. What is your physical address? _____
 2. Which of the following best describes where you currently live?
☐ Single-family home ☐ Apartment ☐ Someplace else *Specify:* _____
 3. Do you currently own the home where you live?
☐ Yes **Go to question 4.** ☐ No **Go to question 9.**
 4. Do you need any exterior repairs done on your home? (**Habitat for Humanity might be able to assist you with the repairs!**)
☐ Yes **Complete Questions 5-8.** ☐ No **Go to question 10.**
 5. What type of repairs do you need done?
☐ Ramp access to entrance ☐ Hand rail to primary entrance ☐ Installation and painting of new siding and trim
☐ Roof replacement ☐ Roof repair ☐ Repair and painting of new siding and trim
☐ Other _____
 6. How many residents live in the home? _____
 7. What is your monthly gross household income (before taxes)?
☐ \$0-\$1,825 ☐ \$1,826-\$2,083 ☐ \$2,084-\$2,341 ☐ \$2,342-\$2,600 ☐ \$2,601-\$2,808
☐ \$2,809-\$3,016 ☐ \$3,017-\$3,225 ☐ \$3,226-\$3,433
 8. Are you current on all property taxes?
☐ Yes ☐ No
 9. Which of the following best describes how you currently pay for your home?
☐ I pay rent directly to a landlord.
☐ I pay rent to someone else living in the same home.
☐ I live in the home, but do not pay rent.
 10. In what year did you move into your current home? _____
 11. In what year did you move into this neighborhood? _____
-

The next five items include some general questions about life in your neighborhood.

12. Overall, considering everything, how satisfied would you say you are living in this neighborhood? Are you ... ?
☐ Very satisfied ☐ Satisfied ☐ Somewhat satisfied ☐ Somewhat dissatisfied ☐ Dissatisfied ☐ Very dissatisfied

13. Right now, how likely are you to recommend this neighborhood to someone else as a good place to live? Would you say you...?

- ☐ Definitely would recommend the neighborhood
- ☐ Probably would recommend the neighborhood
- ☐ Probably would not recommend the neighborhood
- ☐ Definitely would not recommend the neighborhood

14. If you had the choice, would you continue to live in this neighborhood?

- ☐ Yes ☐ No

Please tell me why you feel this way. _____

15. What are the things that you like **best** about living in this neighborhood? You can choose **up to three** of the factors listed.

- | | |
|---|--|
| ☐ My house or apartment | ☐ Schools for my children |
| ☐ My neighbors | ☐ Access to job opportunities |
| ☐ Distance to work | ☐ Safety in the neighborhood |
| ☐ Access to amenities, such as neighborhood centers and stores | ☐ Affordability of housing |
| ☐ Proximity to public transportation | ☐ Types of housing available |
| ☐ Something else Specify: _____ | |

16. What are the things that you like **least** about living in this neighborhood? You can choose **up to three** of the factors listed.

- | | |
|---|--|
| ☐ My house or apartment | ☐ Schools for my children |
| ☐ My neighbors | ☐ Access to job opportunities |
| ☐ Distance to work | ☐ Safety in the neighborhood |
| ☐ Access to amenities, such as neighborhood centers and stores | ☐ Affordability of housing |
| ☐ Proximity to public transportation | ☐ Types of housing available |
| ☐ Something else Specify: _____ | |

Now, let's turn to what it's like to live in your neighborhood.

17. To what extent do you feel a part of this neighborhood? Would you say to ... ?

- ☐ A very great extent ☐ A great extent ☐ Some extent ☐ Little extent ☐ No extent

18. Please tell me how likely you think it is that people in this neighborhood would help out in these situations.

Would you say it is very likely, likely, somewhat likely, not that likely, or not at all likely that people in this neighborhood would help out if ... ?

Very likely Likely Somewhat Likely Not that likely Not at all likely

a.	You needed a ride somewhere.	☐	☐	☐	☐	☐
b.	A package was delivered when you were not at home and it needed to be accepted.	☐	☐	☐	☐	☐
c.	You needed a favor, such as picking up mail or borrowing a tool.	☐	☐	☐	☐	☐

d. You needed someone to watch your house when you were away. ☐ ☐ ☐ ☐ ☐

e. An elderly neighbor needed someone to periodically check on him or her. ☐ ☐ ☐ ☐ ☐

f. A neighbor needed someone to watch a pet when he or she is not home. ☐ ☐ ☐ ☐ ☐

g. A neighbor needed someone to take care of a child in an emergency. ☐ ☐ ☐ ☐ ☐

How do you learn about what is happening in your neighborhood and how do you get involved in local activities.

19. To what degree do people in this neighborhood share information about what's happening locally? Would you say they do so...?
☐ A great deal ☐ A fair amount ☐ Some ☐ A little ☐ Not at all

20. Please tell me whether or not you use these methods to get information.

Do you get information about this neighborhood from ... ?

Yes

No

a. Neighbors, relatives, and friends

☐
☐

b. Flyers or newsletters

☐
☐

c. Block clubs or neighborhood associations

☐
☐

d. Faith community members

☐
☐

e. Local human service organizations

☐
☐

f. Some other way *Specify:* _____

☐
☐

h. Facebook

☐
☐

21. Please share whether or not you have participated in these activities in this neighborhood during the past 12 months.

During the past 12 months, did you ... ?

Yes

No

a. Attend a resident or tenant meeting, a block club meeting, or a neighborhood association meeting

☐
☐

b. Attend a public meeting, write to a public official, or talk with a public official

☐
☐

c. Volunteer your time to support a nonprofit or community organization

☐
☐

d. Become involved in community affairs, civic activities, or political issues

☐
☐

e. Work to improve the public spaces in your neighborhood

☐
☐

f. Vote in a local or national election

☐
☐

g. Participate in a community event or social activity sponsored by a local organization

☐
☐

The next three items include some general questions about the goods and services that are available in your neighborhood.

22. Thinking about basic retail necessities, such as food, clothing, and banking, what portion of those basic goods and services are available right in this neighborhood? Would you say ... ?

☐ Almost all ☐ Many ☐ Some ☐ Few ☐ None

23. Please tell me how important it is to you that you can do each of these things right in this neighborhood.

Would you say it is very important, important, somewhat important, not that important, or not at all important to.....

Very Important Important Somewhat important Not that important Not at all important

a.	Do your main food shopping	☐	☐	☐	☐	☐
b.	Do other kinds of shopping	☐	☐	☐	☐	☐
c.	Purchase gasoline	☐	☐	☐	☐	☐
d.	Eat out	☐	☐	☐	☐	☐
e.	Do your banking	☐	☐	☐	☐	☐
f.	Receive medical or health care	☐	☐	☐	☐	☐
g.	Receive dental care	☐	☐	☐	☐	☐

24. I am going to read this list again and would like to know how often you do each of these activities right in this neighborhood.

Would you say it's often, sometimes, rarely, or never?

Often Sometimes Rarely Never

a.	Do your main food shopping	☐	☐	☐	☐
b.	Do other kinds of shopping	☐	☐	☐	☐
c.	Purchase gasoline	☐	☐	☐	☐
d.	Eat out	☐	☐	☐	☐
e.	Do your banking	☐	☐	☐	☐
f.	Receive medical or health care	☐	☐	☐	☐
g.	Receive dental care	☐	☐	☐	☐

The next two items address what concerns, if any, you have about your neighborhood.

25. I am going to ask you about things that people sometimes consider issues in communities. Please tell me whether or not you think each is a problem in this neighborhood.

Do you think [read statement] is a problem in this neighborhood?

Yes No

a.	Poorly maintained streets and sidewalks	☐	☐
b.	Litter, trash, or debris	☐	☐
c.	Abandoned or vacant houses and/or apartments	☐	☐

d.	Abandoned or vacant non-residential buildings	☐	☐
e.	Graffiti	☐	☐
f.	Poorly maintained public spaces, such as parks and playgrounds	☐	☐
g.	Traffic or speeding vehicles	☐	☐
h.	Inadequate street lighting	☐	☐
i.	Drug activity	☐	☐
j.	Dumping	☐	☐
k.	Vandalism and/or break-ins	☐	☐
l.	Squatting	☐	☐
m.	Stray cats and/or dogs	☐	☐
n.	Other issue: _____	☐	☐

26. I am going to read a list of services that are offered in communities. Please tell me whether or not you are satisfied with each of them.

<i>Would you say you are satisfied or not satisfied with the [read statement] in this neighborhood?</i>		Satisfied	Not satisfied
a.	Police response	☐	☐
b.	Emergency services, such as fire department and ambulances	☐	☐
c.	Public utilities, such as water, electric, and gas	☐	☐
d.	Public transportation	☐	☐
e.	Sanitation services, such as trash pickup and recycling	☐	☐
f.	Street repair, cleaning, and plowing	☐	☐
g.	Parks, playgrounds, and recreation centers	☐	☐
h.	Public library facilities	☐	☐
i.	Traffic control	☐	☐

Let's turn to your thoughts about safety in your neighborhood.

27. I'm going to ask you about certain places in your neighborhood. Please tell me how safe you feel in each of these places.
Would you say you feel very safe, safe, somewhat safe, not that safe, or not at all safe?

	Very safe	Safe	Somewhat safe	Not that safe	Not at all safe
a. In your home at night	☐	☐	☐	☐	☐
b. Outside your home at night (on the porch or stoop, or in the yard or alley)	☐	☐	☐	☐	☐
c. Walking in the neighborhood during the day time	☐	☐	☐	☐	☐

d.	Walking in the neighborhood at night	☐	☐	☐	☐	☐
e.	In parks, playgrounds, and other outdoor recreational areas	☐	☐	☐	☐	☐

28. How safe do you believe the following residents are in this neighborhood.
Would you say they are very safe, safe, somewhat safe, not that safe, or not at all safe?

	Very safe	Safe	Somewhat safe	Not that safe	Not at all safe
a.	Senior citizens who live in the area	☐	☐	☐	☐
b.	Children who are playing outside	☐	☐	☐	☐
c.	Children and youth in schools	☐	☐	☐	☐
d.	Neighborhood residents going about their daily lives	☐	☐	☐	☐

29. What other comments do you have about living in this neighborhood?

Thank you for your feedback!